PAN AFRICAN RESOURCES PLC Integrated Annual Report 2013

PAN AFRICAN RESOURCES PLC

The African Focused Precious Metals Producer

OUR INTEGRATED
ANNUAL REPORT

In this, the first integrated annual report (IAR) of Pan African Resources (the Group or Company as the context determines), the board and management have sought to provide a concise view of the Group's strategy, its financial and non-financial performance for the year, its governance principles and its future prospects.

This 2013 Integrated Annual Report has been prepared in line with the recommendations of the King Report on Governance for South Africa, 2009 (King III) and complies with the Johannesburg Stock Exchange (JSE) Listings Requirements as well as the AIM rules of the London Stock Exchange (LSE).The report draws on the concepts and principles included in the Consultation Draft of the International Integrated Reporting Framework, released in April 2013 by the International Integrated Reporting Council (IIRC). In addition, the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines and its GRI 3.1 content index of standard disclosures and Metals and Mining sector supplement have been considered in preparing this report and identifying sustainability disclosures relevant to Pan African Resources.

The financial information provided in the consolidated and Company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and were externally audited by Deloitte and Touche.

This report represents one of three elements of Pan African Resources' 2013 annual communication strategy with stakeholders, the other two being:

- The Group's completed and referenced GRI content index, containing additional non-financial disclosures,
- the Group's Mineral Resource and Mineral Reserve Report, which provides detailed technical and operational information.

The above documents, together with this 2013 Integrated Annual Report, are available at www.panafricanresources.com. Printed copies can be requested from the Company Secretary, whose details appear on the inside back cover of this report.

This report covers the year 1 July 2012 to 30 June 2013 and follows on from the 2012 Annual Report. It includes the activities of the holding company Pan African Resources PLC, which is incorporated in England and Wales, all of its South African operations and subsidiaries, and its investment in Auroch Minerals NL (Auroch). During the year, the Group divested of its 100% shareholding in Manica, its gold exploration project in Mozambique, in exchange for a 42% equity share in Australian-listed Auroch. No non-financial performance indicators are included in this report for either Manica or Auroch. More information concerning Auroch is available at www.aurochminerals.com. The acquisition of Evander Gold Mines Limited (Evander Mines) was finalised during the year and its financial results consolidated into the Pan African Resources Group results with effect from 1 March 2013. Similarly, unless otherwise stated, Evander Mines' non-financial information is for the four months ended 30 June 2013.

CONTENTS

NAVIGATION

Further reading within this IAR

Further reading online: *www.panafricanresources.com*

Annual financial statements reference

OUR VISION

To continue to build a precious metals mining business in Africa by remaining focused on our four business pillars.

ACHIEVING THIS THROUGH:

People

The bedrock of our Company remains our people – those men and women who come to work daily and competently go about their duties, often under challenging conditions.

We believe in forstering relationships through integrity and honesty.

Action

Action required proper planning, leading, organising and controlling. These are the basic principles of any business.

We believe in getting things done the right way.

Results

We strive to deliver on all our targets without compromising the safety and health of our employees, community, environment and our future.

HIGHLIGHTS
IN CONTEXT OF THE FOUR BUSINESS PILLARS

Profitable

Gross revenue	EBITDA	Headline earnings	Earnings per share	Headline earnings per share
▲ 32.0%	▲ 18.0%	▲ 20.1%	▲ 30.2%	▲ 6.9%
£133.5 million ZAR1,848.1 million	£53.1 million ZAR735.2 million	£35.2 million ZAR487.0 million	2.63p 34.51 cents	2.17p 30.07 cents

Sustainable

Group cash balance	Group capital expenditure incurred	All-in sustaining cash cost	
▼ 75.8%	£27.6 million ZAR381.6 million	▲ 14.1%	Initiated bursary fund around Barberton.
£4.8 million ZAR71.6 million		ZAR281,551/kg	

Stakeholder

Barberton safety record		Salaries, wages, bonuses and retirement	Completed and opened Sinqobile Primary School	
LTIFR	RIFR			Continued support for: Umjindi Jewellery Projects, Sinqobile Vegetable Project and Sinqobile Skills Development Project.
▼ 2.57	▲ 1.51	27.4% of Group total revenue	1100 learners	
2012: 3.26	2012: 0.74			

Growth

Evander Mines acquisition of		Gold reserves	Gold resources	Gold sold
100%	Construction of Barberton Tailings Retreatment Plant completed.	▲ 693%	▲ 496%	▲ 38.20%
		9.20Moz	35.13Moz	130,493 oz

ABOUT
THIS REPORT

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No limitations were placed on the Group in preparing this report.

Details of Pan African Resources' engagement with its stakeholders appear on page 96. This engagement, together with a review of internal information – including risk analysis, strategic objectives, the operating environment, performance indicators (both financial and non-financial) used by management and the board, and the availability of other non-financial performance indicators – instructed the content of this report. While every effort was made to produce a balanced report, materiality has been applied subjectively in this first integrated report.

Management acknowledges that, notwithstanding progress made in many areas relating to the application of integrated and sustainability reporting practices, this report and the activities that support the collection of non-financial performance information have to be developed further in the continuous journey to ensure the sustainability of Pan African Resources. This will be done through balancing long-term social, environmental and economic interests with the principle of needing to maximise profits of the Group, while acting in a responsible manner. In particular, comparative information is often unavailable for certain environmental and social performance indicators, and relatively few performance targets have been set for these indicators. During the coming year, the Group will, where feasible, set performance benchmarks.

Data measurement techniques and assumptions relating to non-financial performance indicators are provided, either where the data is disclosed or in the glossary, appearing on pages 48 to 89. To promote relevance, consistency and comparability, non-financial performance indicators are generally disclosed by significant operation and are not aggregated in a Group view.

As this is the Group's first integrated report and, in some cases, systems and processes for the recording, collection and collation of selected non-financial performance indicators have yet to be introduced or tested further for veracity, the board has decided against obtaining independent assurance of the non-financial performance indicators.

This integrated report, together with the GRI 3.1 content index, meets application level B of the GRI Reporting Guidelines.

Forward-looking statements

Statements in this report, other than historical facts, that address, without limitation, exploration activities, mining potential and future plans and objectives of Pan African Resources are forward-looking statements and forward-looking information that involve various risks, assumptions and uncertainties and are not statements of fact. The directors and management of Pan African Resources are of the belief that the expectations expressed in such forward-looking statements or forward-looking information is based on reasonable assumptions, expectations, estimates and projections. However, such statements should not be construed as being guarantees or warranties (whether expressed or implied) of future performance.

There can be no assurance that such statements will prove to be accurate and actual values, results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from statements expressed in this presentation include, among others, the actual results of exploration activities; technical analysis; the lack of availability to Pan African Resources of necessary capital on acceptable terms; general economic, business and financial market conditions; political risks; industry trends; competition; changes in government regulations; delays in obtaining governmental approvals; interest rate fluctuations; currency fluctuations; changes in business strategy or development plans; and other risks. Although Pan African Resources has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended.

Pan African Resources is not obliged to publically update any forward-looking statements that are included in this report, or revise any changes in events, conditions or circumstances on which any such statements are based, occurring after the publication date of this report.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law, the directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union (EU) and Article 4 of the International Accounting Standards (IAS) Regulation, and have also chosen to prepare the parent Company financial statements under IFRS as adopted by the EU. Under company law, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the IAS requires that directors:

- Properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance,
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the United Kingdom (UK) Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS'
RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

1. The financial statements, prepared in accordance with IFRS, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

2. The management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

3. That the directors are not aware of any legal proceedings or other material conditions that may impact the mining or exploration activities of the Group.

4. The directors confirm that the Group holds title to the mining rights as set out in this report.

By order of the board.

Ron Holding
Chief Executive Officer

16 September 2013

Cobus Loots
Director

16 September 2013

SALIENT
FEATURES

		2013	2012	2011	2010	2009
Operating performance						
Gold mining tonnes milled	(t)	512,869	308,095	296,200	313,167	313,952
Gold head grade	(g/t)	8.6	10.6	10.6	10.6	10.3
Gold sold	(oz)	130,493	94,449	92,197	98,091	97,353
Gold spot price received	(USD/oz)	1,553	1,694	1,366	1,098	867
Total gold mining cash costs	(USD/oz)	815	776	781	650	469
PGM 6E sold	(oz)	6,480	–	–	–	–

	2013		2012		2011		2010		2009	
	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions
Statement of Comprehensive Income										
Revenue	1,848.1	133.5	1,240.3	101.1	879.7	79.2	817.3	68.5	762.7	53.0
Cost of production	(985.1)	(71.2)	(566.0)	(46.1)	(503.6)	(45.3)	(483.8)	(40.6)	(410.2)	(28.5)
Mining profit	776.8	56.1	632.3	51.5	342.3	30.8	294.2	24.7	316.5	22.0
EBITDA	735.2	53.1	552.5	45.0	317.0	28.5	294.5	25.0	329.4	22.9
Impairment costs	(242.3)	(16.1)	(0.6)	(0.05)	–	–	(4.0)	(0.3)	(61.7)	(5.0)
Profit after taxation	558.9	42.6	358.9	29.2	190.7	17.2	173.0	14.5	116.4	8.1
Headline earnings	487.0	35.2	359.7	29.3	190.7	17.2	174.3	14.6	135.7	9.4
Dividends paid	–	–	(95.6)	(7.4)	(60.3)	(5.4)	–	–	(41.0)	(2.8)

	2013		2012		2011		2010		2009	
	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions
Statement of Financial Position										
Non-current assets	3,726.2	249.3	1,143.8	86.1	1,064.1	97.2	857.2	74.3	850.7	67.1
Current assets	401.5	26.7	367.8	28.5	173.2	15.8	203.9	17.7	62.7	4.9
Total equity	2,568.8	172.2	1,357.5	102.6	992.7	90.7	847.6	73.5	713.5	56.4
Non-current liabilities	1,200.9	80.0	180.8	14.0	146.7	13.4	131.8	11.4	122.6	9.7
Current liabilities	361.2	24.1	142.9	11.1	98.0	9.0	81.7	7.1	77.2	6.1

Note 1: *At 30 June 2012, Phoenix Platinum had not reached steady state production, therefore all income and expenditure was capitalised.*

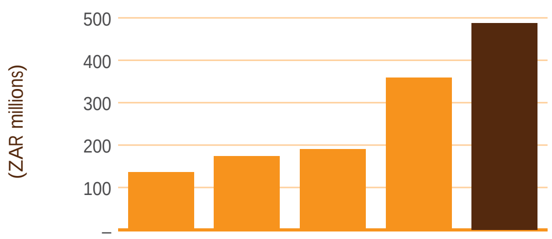
Note 2: *Current assets at 30 June 2013 excluded non-current assets held for sale of ZAR3.2 million (GBP0.2 million) and at 30 June 2012, ZAR169.6 million (GBP13.1 million).*

SALIENT
FEATURES continued

		2013		2012		2011		2010		2009	
		ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions
Cash flows											
Cash generated from/(used in) operating activities		668.0	48.3	375.2	30.6	181.7	16.6	211.4	18.3	108.5	8.6
Capital expenditure		381.6	(27.6)	(213.9)	(17.4)	(233.6)	(21.0)	(70.8)	(5.9)	(62.1)	(4.3)
Net (decrease)/increase in cash and cash equivalents		(216.0)	(15.6)	140.8	11.5	(39.5)	(3.6)	127.0	10.6	(5.6)	(0.4)
Key ratios											
Return on shareholders' funds	(%)	21.8	24.7	26.4	28.5	19.2	19.0	20.4	19.7	16.3	14.4
Net debt:equity ratio	(ratio)	0.04	0.04	(0.19)	(0.19)	(0.07)	(0.11)	(0.19)	(0.17)	(0.04)	(0.04)
Current Ratio	(ratio)	1.1	1.1	2.6	2.6	1.8	1.8	2.5	2.5	0.8	0.8
Statistics											
Shares in issue	(millions)	1,822.8	1,822.8	1,448.3	1,448.3	1,444.0	1,444.0	1,409.5	1,409.5	1,112.6	1,112.6
Weighted average number of shares in issue	(millions)	1,619.8	1,619.8	1,445.2	1,445.2	1,432.7	1,432.7	1,366.3	1,366.3	1,104.4	1,104.4
Earnings per share (EPS)	(cents/ pence)	34.51	2.63	24.83	2.02	13.31	1.20	11.55	1.04	5.76	0.40
Headline earnings per share (HEPS)	(cents/ pence)	30.07	2.17	24.89	2.03	13.31	1.20	11.88	1.07	12.23	0.85
Net asset value (NAV)	(cents/ pence)	140.93	9.45	93.74	7.09	68.74	6.28	60.13	5.21	64.13	5.07
Dividends per share (DPS)	(cents/ pence)	–	–	6.60	0.51	4.18	0.37	–	–	3.69	0.25
Year-end dividend yield	(%)	–	–	2.7	3.5	2.3	3.7	–	–	4.0	4.8
Year-end price earnings	(ratio)	5.54	4.85	9.75	7.30	13.90	8.54	9.87	5.98	16.16	13.10
Volume of shares traded	(millions)	760.3	459.2	606.9	424.2	410.9	465.4	251.4	430.8	1,008.0	199.9
Volume traded as percentage of number in issue	(%)	41.7	25.2	41.9	29.3	28.5	32.2	17.8	30.6	90.6	18.0
Number of transactions	(number)	30,814	16,121	21,827	13,593	18,343	10,533	11,542	5,322	7,233	2,042
Value of shares traded	(millions)	1,762.4	74.4	1,342.6	60.2	580.0	43.7	225.2	26.3	720.5	7.7
Traded prices											
– last sale in year	(cents/ pence)	191	12.8	242	14.8	185	10.2	114	6.2	93	5.2
– high	(cents/ pence)	299	21.0	299	17.4	204	11.9	126	8.2	101	5.4
– low	(cents/ pence)	185	11.8	180	9.5	109	5.5	65	4.4	45	1.8
– average price per share traded	(cents/pence)	233	16.2	218	14.2	139	9.4	86	6.1	75	3.8

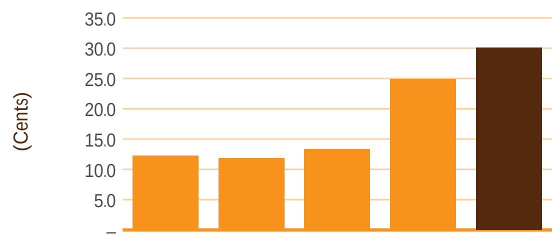
FINANCIAL
SUMMARY

Headline earnings



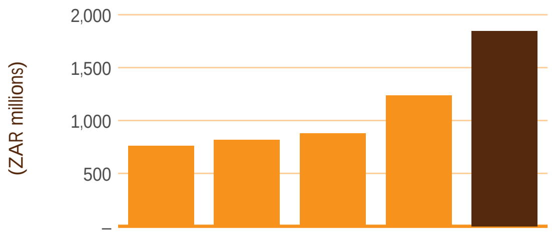
	2009	2010	2011	2012	2013
ZAR value	135.7	174.3	190.7	359.7	487.0
£ value	9.4	14.6	17.2	29.3	35.2

HEPS



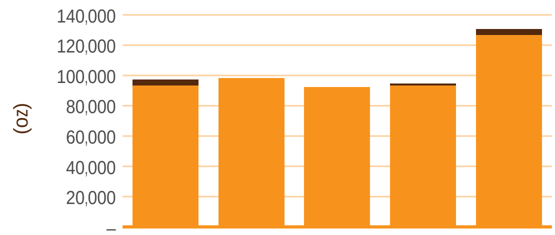
	2009	2010	2011	2012	2013
ZAR value	12.23	11.88	13.31	24.89	30.07
£ value	0.85	1.07	1.20	2.03	2.17

Group revenue



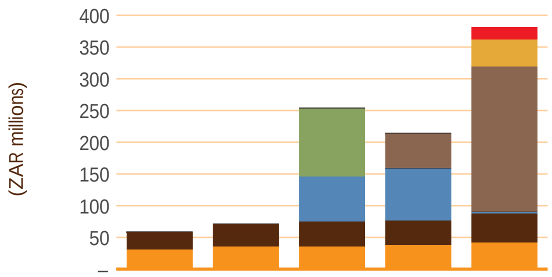
	2009	2010	2011	2012	2013
ZAR value	762.7	817.3	879.7	1,240.3	1,848.1
£ value	53.0	68.5	79.2	101.1	133.5

Gold sold



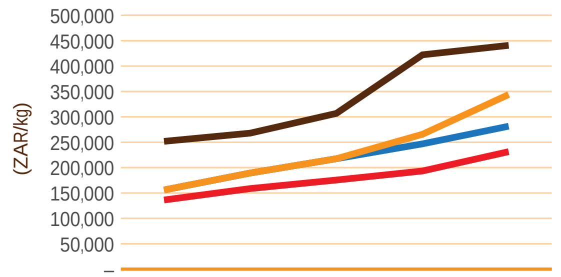
	2009	2010	2011	2012	2013
Surface	3,955	–	–	1,068	3,836
Underground	93,398	98,091	92,197	93,381	126,657

Group operational capital



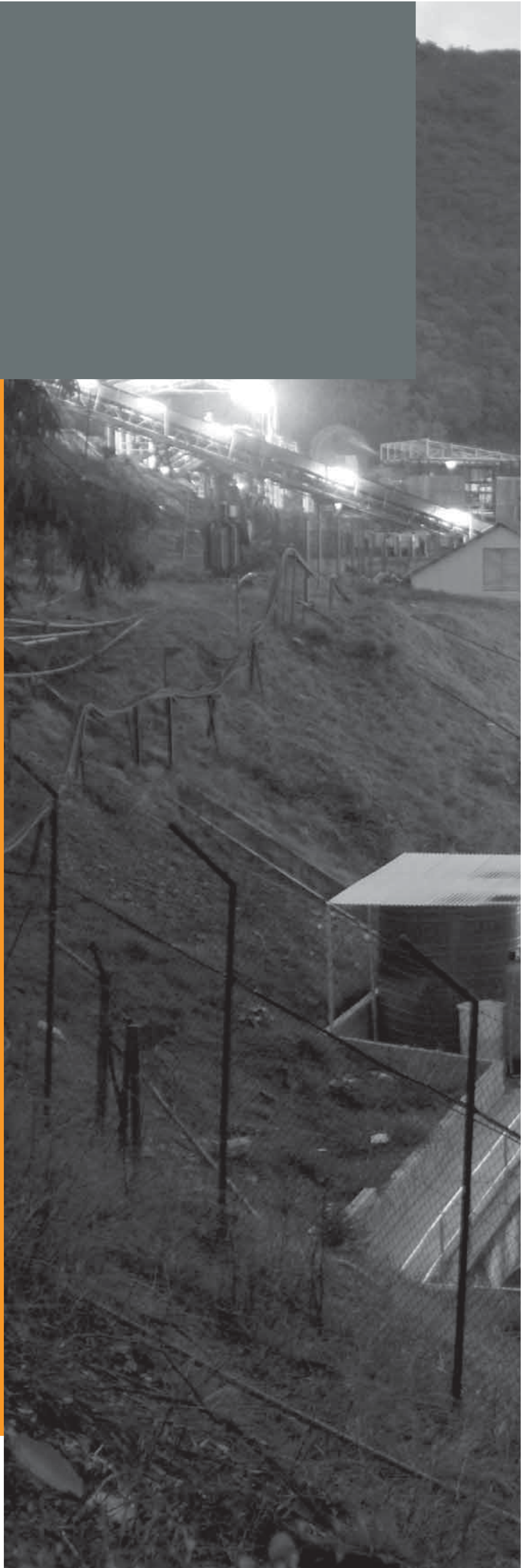
	2009	2010	2011	2012	2013
Barberton Mines Development Capital	30.9	35.6	35.3	37.6	42.1
Barberton Mines Maintenance Capital	27.4	35.0	40.0	38.8	45.1
Phoenix Platinum Construction/Maintenance	–	–	70.4	81.9	2.2
Phoenix Platinum Mineral Rights	–	–	107.6	–	–
BTRP	–	–	–	55.4	229.6
Evander Mines Development Capital	–	–	–	–	42.5
Evander Mines Maintenance Capital	–	–	–	–	19.9
ZAR value	58.3	70.6	253.2	213.7	381.4
£ value	4.0	5.9	22.8	17.4	27.6

ZAR cash costs vs average ZAR gold spot price received



	2009	2010	2011	2012	2013
Average spot price received (ZAR/kg)	251,740	267,876	306,757	422,215	440,824
All-in costs (ZAR/kg)	155,910	189,308	217,524	265,713	343,949
All-in sustaining cash costs (ZAR/kg)	155,910	189,308	217,524	246,801	281,551
Cash cost (ZAR/kg)	136,178	158,711	175,520	193,360	231,439

LEADERSHIP STATEMENTS



CHAIRMAN'S
REPORT

Keith Spencer (Chairman)

Our successful bid for Evander Mines is a game changer and propels the Group into mid-tier status.

Pan African Resources is steadily fulfilling our vision of becoming a mid-tier precious metals mining company. We understand that successful and sustainable businesses are not built overnight, but rather shaped, moulded and grown over time. We also recognise that for a mining business to succeed, and to continue to be successful, one requires a number of elements. These include quality assets, the right people, and the ability to mine safely and operate sustainably in our local environment.

There is no denying that the global mining industry is currently experiencing difficult times, and South Africa is no exception. In addition to lower gold prices of late, South Africa has to deal with labour unrest and cost inflation, amongst other challenges. Amidst all of this, Pan African Resources has however been able to distinguish itself. It has been growing prudently to mid-tier status, through both optimisation of existing assets and via new acquisitions. Successful growth, from a Pan African Resources perspective, is not measured by more attributable production ounces, but rather by sustainable increases in profitability and earnings.

We finalised the acquisition of Evander Mines from Harmony Gold Mining Company Limited in February this year. Through the acquisition of Evander Mines, our Group has entered a new and exciting chapter in our history by adding another flagship operation. Evander Mines contributes profitable production ounces, and also has very attractive growth projects.

Pan African Resources is absolutely committed to delivering results with zero harm to our people, communities and environment. It is therefore with deep regret that we have to report on the following two fatal accidents suffered during the year:

- On 17 November 2012, Gert Fourie, a fitter employed at Sheba Mine, was fatally injured on surface when he lost control of a truck he was driving when it slid off the road and rolled down the embankment,
- On 7 March 2013, Velly Therry Malumane, a welder employed underground at Sheba Mine, was fatally injured when he was electrocuted whilst carrying out welding operations on a load haul dumper.

In this report, we elaborate on how Pan African Resources will continue on a sustainable track of profitable growth, by focusing on key performance areas, such as completing the successful integration of our recent Evander Mines acquisition and bedding down the new Barberton Tailings Retreatment Plant (BTRP) for optimal production. In addition, management spends significant effort in identifying, analysing and mitigating critical business risks. Pan African Resources has operated according to a "four pillars" business model that integrates the key financial, social and environmental aspects of our operations, even before integrated reporting became imperative in stakeholder relations.

2013
HIGHLIGHTS

Gross revenue in GBP increased by
32.0% to £133.5 million
(2012: £101.1 million).

Gross revenue in ZAR increased by
49.0% to ZAR1,848.1 million
(2012: ZAR1,240.3 million).

Group capital expenditure in GBP incurred
£27.6 million (2012: £17.4 million).

Group capital expenditure in ZAR incurred
ZAR381.6 million
(2012: ZAR213.9 million).

Gold sold increased by 38.2% to
130,493oz (2012: 94,449oz).

Proposed dividend of ZAR0.1314 per
share or ZAR240 million to shareholders.

As the Chairman of a focused and motivated board, executive team and workforce, it is a privilege to introduce an excellent set of results for this financial year and to contribute to a report that succinctly and clearly reveals the material features of this financial year, and the strategies, analyses and forward planning important to shareholders, investors and other stakeholders.

The real costs of producing these ounces, weighed against economic drivers, must be thoroughly understood. I am confident that the board, executive and mine management of Pan African Resources are well schooled in these realities.

What drives our results

As a gold mining business, the ongoing viability of Pan African Resources depends on maintaining the optimum balance between our key business drivers, which include USD gold prices, South African inflation, wage and productivity increases and the USD/ZAR and GBP/ZAR exchange rates. Although movements in these factors cannot be accurately predicted, Pan African Resources models and plans using conservative assumptions to ensure measured and consistent growth.

It is evident that some miners strive for higher gold ounce production targets, while not paying due attention to the costs incurred in reaching these targets. Increased gold production may excite shareholders and appear good in annual reports, but the real costs of producing these ounces, weighed against economic drivers, must be thoroughly understood. I am confident that the board, executive and mine management of Pan African Resources are well schooled in these realities.

The board took the decision that our active participation in the Manica gold exploration project in Mozambique was no longer aligned with the Group's strategy of investing and operating producing assets. We therefore disposed of our interest with effect from January 2013 to Australian-owned Auroch, and we remain a significant shareholder in Auroch.

South African gold mining in context

It is no secret that the South African mining industry is presently under duress for a number of reasons. The most widely publicised is the labour discord following on the Marikana tragedy. All parties should share responsibility for this situation, and we should never allow a similar incident to reoccur.

Societal inequality is a pressing reality in South Africa. It is, however, beyond the ability of mid-tier mining groups such as ours to resolve in isolation. However, we have to strive to be part of the solution in a proactive manner. In our area of influence, we offer our miners fair reward for their work, recognition of their value and inputs, and a safe working environment, in addition to supporting workers' health and our communities. We trust that the sound working relationships we have developed with our employees and their representatives will continue. We view all our employees as valued team members who contribute their productivity in support of Pan African Resources' sustainable business model. Over the past year, we created 302 employment opportunities during the construction of the BTRP.

A further current matter is that of South African mining legislation and conditions, laid out in the Mining Charter and proposed amendments to the B-BBEE Act. Pan African Resources wholeheartedly supports the intent of these regulations and legislation, as these are areas where we can proactively help address inequality and historic disadvantages. We are well positioned to continue to comply with both regulations and also best practice.

Global economic shifts often have a direct effect on gold prices and, in recent months, these haven't been favourable. World demand for commodities has been erratic, and gold prices in particular have been weak of late. A key impact

CHAIRMAN'S REPORT
continued

was the USA's announcement that it will begin "tapering" its quantitative easing programme, which has strengthened the US dollar and weakened gold prices, although Asian demand for physical gold remains high. How this will affect gold mining over the next year is impossible to predict at this time, but Pan African Resources is positioned to adapt as necessary within our low cost and high grade model.

Future planning and outlook

The Group's strategic thrust in the short term is to consolidate our assets, contain or lower costs and increase productivity. Working through all the requirements of managing Evander Mines and effectively doubling the Group in size required immense effort, and I thank Harmony's board and management for the proactive role they played in this process. Bedding down the acquisition is continuing this year, and we are integrating the procurement and financial departments to realise efficiencies. An enterprise resource planning (ERP) system rolled out at Barberton Mines in 2012 is being extended throughout the Group to enhance financial controls and reporting.

A key focus of financial and operational management in 2014 will be to contain costs so that margins and cash generation are maximised. The finance department, in particular, is exploring synergies to optimise systems.

We are happy to reward our shareholders by proposing that we recommence our dividend payment this year.

With a solid platform for growth having been established, in the longer term Pan African Resources may prudently seek out further acquisitions that can be profitably operated within our business model.

Appreciation and the road ahead

The board wishes to extend our sincere appreciation to our former CEO, Jan Nelson, who resigned during the current year. Jan's contribution to our business was significant, and his legacy remains.

The bedrock of Pan African Resources remains our workforce – the men and women who daily competently go about their duties, often under physically challenging circumstances – to ensure that our gold arrives safely at its end destination. That we are able to announce such excellent results is their success, as much as it is the executive and your board. I would also like to extend my appreciation to the board for their support during the year.

For the immediate future, the board and management remain realistically confident. Experienced in mining and business, we have lived through boom and gloom economic cycles, and manage the Group accordingly. We believe that Pan African Resources has the business model and controls to continue viable operations through all foreseeable economic cycles.

Keith Spencer
Chairman

16 September 2013

BOARD
OF DIRECTORS

Non-executive Directors

Keith Spencer (63)

Lead independent, non-executive chairman*

Appointment date: 8 Oct 2007
Qualifications: BSc Eng (Mining)
Committees: SHEQC (Chairman), nominations, audit committee

Keith is a qualified mining engineer with 35 years of practical mining experience, and has managed some of the largest gold mines in the world. In 1984, Keith was appointed as general manager of Greenside Colliery and, in 1986, moved to Kloof Gold Mine as general manager. In 1989, he was appointed as consulting engineer for Gold Fields of South Africa to Doornfontein Gold Mine, Driefontein Consolidated Gold Mine, Greenside Colliery and Tsumeb Base Metals Mine. He also served as managing director of Driefontein Consolidated, chairman and managing director of Deelkraal Gold Mine, and as a board member of all gold mines belonging to Gold Fields of South Africa. In 1999, Keith joined Metorex Limited, first as a private consultant and, after two years, as a permanent member of the executive, managing the Wakefield Coal operations, O'okiep Copper Company, Barberton Mines and Metmin Manganese Mine. In 2001, Keith became the operations director for Metorex Limited. He was appointed as Chairman of the board on 14 December 2011.

Phuthi Mahanyele (42)

Non-executive director – deputy chairperson

Appointment date: 20 July 2011
Qualifications: BA Economics, MBA
Committees: remuneration (Chairperson)

Phuthi is the CEO of Shanduka Group (Pty) Ltd. She joined Shanduka in 2004 as the managing director of Shanduka Energy (Pty) Ltd, a subsidiary company of the Shanduka Group, led by Cyril Ramaphosa. She was previously the head of the Project Finance South Africa unit at the Development Bank of Southern Africa. Prior to that, Phuti was vice president at Fieldstone, where she joined the firm in New York in 1997 and later transferred to the South African office. Phuti holds a BA Economics from Rutgers University (State University of New Jersey, USA) and an MBA from De Montfort University in Leicester, UK. She completed the Kennedy School of Government Executive Education Program's Global Leadership and Public Policy for the 21st Century at Harvard University in 2008. She is a board member of a number of Shanduka Group investee companies. Phuti was appointed as the deputy Chairperson on 14 December 2011.

Rob Still (58)

Non-executive director

Appointment date: 9 Sept 2004
Qualifications: BCom (Hons), CTA
Committees: audit, remuneration

Rob has vast experience in mining, specialising in mining finance. He started his career as a chartered accountant, becoming a partner of Ernst & Whinney before leaving in 1986 to co-found Rhombus Exploration Limited. Since then, he has been involved in the mining industry worldwide and has held executive and non-executive directorships in companies listed in South Africa, Australia, Canada and the United Kingdom. He has participated in the evaluation and development of several new mining projects and companies including Rhovan, Ticor Titanium, Pangea GoldFields Limited, Southern Mining Corporation Limited (Corridor Sands), Metorex Limited and Zimbabwe Platinum Mines Limited. Rob is currently chairman of Pangea Exploration (Pty) Ltd, which provides information and analysis to private equity finance within Africa.

* *Due to share options outstanding under a previous share incentive scheme, Keith Spencer is not considered independent under UK regulations. Keith Spencer is, however, considered independent according to King III and the JSE regulations. The board has considered his independence and believes he is independent.*

The board ensures that the business of the enterprise is conducted with integrity and in accordance with the highest standards of corporate governance practice.




Executive Directors

Hester Hickey (59)
Non-executive director

Appointment date: 12 April 2012
Qualifications: CA(SA)
Committees: audit (Chairperson)

Hester completed her articles at Fisher Hoffman Stride and, after a period as partner of Ironside Greenwood, joined BDO Spencer Stewart in 1990 as national technical and training manager. She joined Transnet in 1994 as acting head of internal audit, to implement and execute a transformation process and, particularly, to transform the internal audit department of Transnet from a traditionally focused unit to a more modern risk-based function. In 1998, after a period with Ernst & Young and Liberty Life, Hester joined AngloGold Ashanti, initially as Group internal audit manager and thereafter as executive officer: head of risk – a position held until recently. Hester is a registered accountant, previously served as chairperson of the South African Institute of Chartered Accountants (SAICA) and currently performs board evaluations for the Institute of Directors.

Ronald Holding (61)
Chief Executive Officer

Appointment date: 9 Sept 2013
Qualifications: National Diploma for Technicians: Mining (Metalliferous) South African Mine Managers certificate of Competency (Metalliferous Mining) Programme for Management Development: University of Cape Town

Ron has been intricately involved with all Pan African Resources operations since 2009 as Chief Operating Officer, until his appointment as Joint Interim CEO in March this year. He commenced his mining career in 1973 with Gencor and has since occupied a number of senior positions, with exposure to the various stages of developing and mining mineral deposits. In addition to deep level gold mining, his vast experience includes the mining of platinum, diamonds and copper.

Cobus Loots (35)
*Director**

Appointment date: 26 Aug 2009
Qualifications: CA(SA), CFA® Charterholder

Cobus is the Managing Director of Shanduka Resources (Pty) Ltd. He is a qualified chartered accountant (SA) and a CFA® Charterholder. He served articles with Deloitte & Touche, and was an audit manager with the firm before leaving to pursue a career in mining finance. Cobus's experience includes mining-specific acquisitions and finance, as well as the management of both exploration and producing mineral assets. He was also formerly the financial director of Pan African Resources, and non-executive director. Cobus was recently re-appointed as the Financial director with effect from 1 October 2013.

Busi Sitole (37)
*Financial director**

Appointment date: 14 Dec 2011
Resignation: 30 September 2013
Qualifications: CA(SA)

Busi joined Pan African Resources in April 2011 as a finance executive and was subsequently appointed as the financial director in December 2011. She is a chartered accountant, with a BCom degree from the University of Cape Town and BCom Honours from the University of Natal. Prior to joining Pan African Resources, she had joined the Shanduka Group in December 2007 as a principal transactor responsible for sourcing, executing new transactions as well as raising capital thereof. Her other responsibilities included monitoring the company's investments post-acquisition. Busi also sat on several boards of the company's investee companies. She also worked as a new treasury products marketer at Absa Capital and was a finance manager at Standard Bank Structured Finance, where she completed her three years of TOPP articles as a trainee accountant.

* *During the financial year, Financial Director Busi Sitole was on maternity leave for a four month period. Neal Reynolds, Group Financial Manager, acted in Busi Sitole stead during this period. Busi Sitole resigned as Financial Director effective 30 September 2013 and is replaced by Cobus Loots effective 1 October 2013.*

CHIEF EXECUTIVE OFFICER'S REPORT

Ronald Holding (Chief Executive Officer)

Pan African Resources exceeded most of its targets for the financial year ended 30 June 2013, delivering growth with pleasing operational and financial performances.

"Pan African Resources exceeded most of its targets for the financial year ended 30 June 2013, delivering growth with pleasing operational and financial performances. Evander Mine's acquisition and the commissioning of the new BTRP have positioned Pan African Resources to produce approximately 200,000 profitable ounces of gold a year. There is also further growth potential through the exploitation of other near term organic projects. The board of Pan African Resources has decided to recommend a dividend approximating ZAR0.1314 per share or ZAR240 million to shareholders, for approval at the annual general meeting."

2013 highlights

Pan African has significantly increased headline earnings per share by 20.8% in ZAR terms to 30.07 cents (2012: 24.89 cents) and in GBP terms by 6.9% to 2.17 pence (2012: 2.03 pence).

- We completed the acquisition of Evander Mines.
- We successfully poured our first gold bar at the Barberton Mines' BTRP.
- Our strong Statement of Financial Position allows for sustained results and profitable growth.
- Our board has recommended a dividend in ZAR terms of approximately ZAR0.1314 per share to shareholders.

Evander now a part of the Group

The Group was transformed into a mid-tier gold producer when we acquired Evander Mines from Harmony Gold Mining Company Limited (Harmony), on 28 February 2013. Evander Mines will double our annual gold production profile to 200,000 oz of gold. The mine is performing as anticipated and is currently meeting production targets. Evander contributed 34,197 oz of gold for the last four months of our financial year.

Since the signing of the Sale and Purchase agreement with Harmony, Evander's incumbent management team together with our corporate office worked proactively and tirelessly to ensure a seamless and efficient handover of systems and processes. Evander's integration into the Group will be finalised in 2014.

Evander Mines' management is committed to our organic growth plans to exploit its mineral resources more efficiently. During the next year we will focus on managing infrastructure to minimise the risk of mining interruptions, contain costs and increase gold production through targeting low capital cost projects which have quick and sustainable returns.

The addition of Evander Mines contributed in the achievement of the following Group production statistics for the financial year:

	2013	2012	Movement
Gold mining tonnes milled	512,869	308,095	66.5%
Gold head grade (g/t)	8.6	10.6	(18.9%)
Gold sold (oz)	130,493	94,449	38.2%

Sustained performance and growth at Barberton

Barberton Mines contributed substantially to the Group's success in 2013. It remains one of the lowest cost-of-production and highest grade mines in South Africa.

The mine exceeded its production targets, producing 96,296 oz of gold during the financial year (2012: 94,449 oz). The team commissioned the on-site BTRP on schedule and within budget, conducting the inaugural gold pour on 28 June 2013. The BTRP not only adds approximately 20,000 oz of gold to our annual production, it will also steadily eliminate many of the historic and environment-degrading tailings dumps scattered around the Barberton Mines mining area.

Phoenix Platinum – Not quite risen from the ashes

In brief, Phoenix Platinum had a mediocre performance and we did not achieve our target ounces. This was primarily due to International Ferro Metals PLC halting its underground chrome mining operation when it became uneconomical, moving their run of mine chrome source to a highly oxidised opencast section. Phoenix, which is designed to treat sulphide tailings, now has to cope with the resultant serious metallurgical challenges. We have instituted equipment and operational changes to process the deleterious feedstock with some success, resulting in improved production in recent months.

Phoenix Platinum processed more than 274,000 tons of chrome tailings, and produced 6,480 oz of PGM 6Es.

This operation's supply chain was analysed and additional training given to improve efficiencies and reduce costs. Building a dedicated tailings storage facility in the future will enable oxidised material to be entirely bypassed and ameliorate the feedstock issue.

		2013	2012
Production and sales of PGM 6E	(oz)	6,480	3,474
Basket price received	(ZAR/oz)	9,093	7,499
Total cash costs	(ZAR/oz)	7,550	7,847
Total cash costs	(ZAR/t)	178	170
EBITDA	(ZAR millions)	2.2	81.9

The table below reflects key Statement of Comprehensive Income figures for the Group:

	2013		2012		Movement	
	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR %	GBP %
Revenue	1,848.1	133.5	1,240.3	101.1	49.0	32.0
EBITDA	735.2	53.1	552.5	45.0	33.1	18.0
Attributable Group profit	558.9	42.6	358.9	29.2	55.7	45.9

Solid Group financial performance

The continued contribution from Barberton Mines, with the acquisition of Evander Mines, has propelled the Group to new heights in terms of both its gold production and profitability. The earnings per share figures discussed in this report are the result of a variety of production, cost and revenue factors that underpin the financial year's strong performance.

Gold revenue increased by 49.0% in ZAR terms but only 32.0% in GBP terms, due to the weakening of the South African currency against all other major currencies, including the GBP and USD. During the financial year the Group realised an average gold price of ZAR440,424/kg (2012: ZAR422,215/kg) and an average price for PGM 6E of ZAR292,354/kg.

Evander Mines contributed 72.2% of the increase in revenue.

The Group's EBITDA for the financial year increased by 33.1%, in ZAR terms mainly as a result of the inclusion of Evander Mines' mining profit of ZAR134.3 million.

Pan African increased earnings per share (EPS) in both cents and pence by more than 30%. As this included a net beneficial impact of a bargain purchase gain on the Evander acquisition and impairments on the Group's investments in Phoenix Platinum and Auroch Minerals NL (Auroch), the improvment in its headline earnings per share (EPS) was somewhat less.

CHIEF EXECUTIVE OFFICER'S REPORT
continued

The table below demonstrates the group's earnings per share figures and year on year improvement:

	2013		2012		Movement	
	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR %	GBP %
EPS	34.51	2.63	24.83	2.02	39.0	30.2
HEPS	30.07	2.17	24.89	2.03	20.8	6.9

Current year earnings were reduced by once-off costs associated with two impairments – amounting to R242.3 million – and the Evander Mines acquisition costs of R18.3 million. These impairments arose from the write-down of Phoenix Platinum and Auroch investments due to the challenges experienced at Phoenix Platinum and the impact of lower gold prices and exploration challenges in Mozambique.

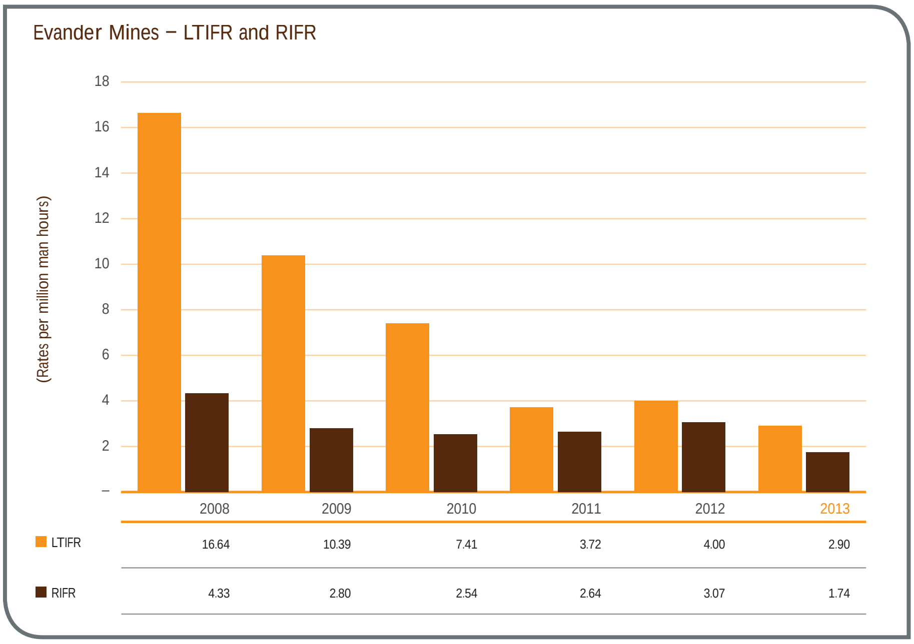
Safety – Our Primary Concern is for our People

This past financial year was not without severe disappointments and challenges from a safety perspective. Although safety is the top priority at Pan African Resources, we are saddened to report the tragic loss of two employees at Barberton Mines.

- On 17 November 2012, Gert Fourie passed away when the truck he was driving left the road, overturned and rolled down a hill at Barberton's Sheba Mine,
- On 7 March 2013, Velly Malumane was fatally electrocuted while welding underground.

These tragedies were an anomaly, as Barberton Mines is known for its good safety record. These accidents have been thoroughly investigated to prevent any re-occurrences.

The two fatalities leads us to reflect on the overall safety of our own operations and South African mining in general. Pan African Resources prides itself on a superior safety record, within an industry that has remarkably enhanced its safety levels over the past decade.



Current year safety performances at Evander Mines have resulted in the best ever recorded Reportable Injury and Lost Time Injury Frequency Rates for this operation

Phoenix maintained its excellent safety record, with no injuries recorded since turning the first sod in April 2010.

In South Africa, most of the shallow and easily accessible mineral deposits are depleted with mining now taking place at exceptional depths. Despite these difficult conditions, the mining industry has improved safety over the past 10 years by 66%, to levels comparable with the United States. Fatalities from "fall of ground"accidents have reduced by 81%, from 134 in 2003 to 26 in 2012. The industry reduced the 172 fatalities reported in 2002 to 54 in 2011.

The fact that the South African mining industry was able to outperform every other mining country in improving safety levels is an object lesson as to what can be done when labour, management and government proactively collaborate in resolving a pressing issue. This proves that with a focused effort, all stakeholders can work together for the common good of the industry.

South African mining in context

Despite all the social and economic difficulties in the mining sector, currently highlighted by the anniversary of the Marikana tragedy and demanding labour negotiations, our industry remains a primary South African economic driver. The South African Chamber of Mines estimates that mining is directly responsible for 19% of all South African economic activity and that its products support a further 25% of industrial and other economic activity. The materials produced by South Africa's mines are beneficiated or processed by downstream industries to produce many of our countries most essential goods and services. Mining also generates a very significant percentage of South Africa's foreign currency reserves, and supports our own rand.

According to the Chamber of Mines the South African mining industry directly employed an estimated 513,000 employees with an average annual remuneration per mining employee of ZAR169,679 in 2011. This represents approximately 6.3% of the country's formal non-agricultural employment and an increase of 169% in annual wages from 2001 to 2011.

Although a mature industry in South Africa and possibly incorrectly perceived to be declining in importance, South Africa as a country still has the world's biggest stockpile of proven mineral reserves. This is in a world where global mining provides the raw materials for 45% of the world's economic activity. Although South Africa has slipped down the table of gold producers from its previously held top spot, our country holds approximately 12.7% of the world's gold reserves and produces approximately 7.8% of its annual production (2011 Chamber of Mines figures).

Our government attracts a good deal of negative media attention at times. South African leaders have however recognised that urgent societal and economic transformation is required to uplift our poor and mend our society, and their programmes over the last 20 years have done a great deal. Since 2009 South Africa has spent ZAR860 billion rand on infrastructure projects, with a further ZAR430 billion allocated for additional development. This funding goes into schools, public health, water and sanitation, as well as expanding transport and logistics links. South Africa's National Development Plan will provide the "blueprint" for our future development and growth.

South African mining has a key role to play in financing GDP growth and helping reduce unemployment. To be able to perform this role, we must be allowed the security of tenure and scope to attract capital investment into maintaining and developing mines.

Our mining industry has entered into a critical phase. For some years now it has been the battleground of choice for opposing political ideologies, populist leaders – and more recently, competing trade unions.

Government has been working hard to stabilise the situation and we are fully behind Deputy President Motlanthe's consensus-seeking efforts to draw all stakeholders into working together for a sustainable future for mining.

South African mining is at this juncture right now and we call on the leaders of all stakeholders – employees, government, mining houses, communities and political parties – to come to the table with the level-headed vision that South Africa showed the world when negotiating our relatively peaceful transition to democracy. At stake is the bedrock upon which the South African economy was built.

Pan African has a diverse, multi-national shareholder base, but our operations and management is proudly South African. We are positive about the future of South Africa as a mining investment and operating destination, nowhere else in Africa has the established infrastructure, technical knowledge and support, and mining history and legacy of our country. We ask that shareholders continue to trust us to generate growth and returns in an environment we know well.

Pan African – A high-yielding dividend stock

We recognise that equity investors require a tangible return on their investment.

The board has recommended a dividend approximating ZAR240 million for the financial year 2013, equating to ZAR0.1314 per share, resulting in a dividend cover of 2.3 times. This dividend is to be approved at the AGM on 22 November 2013.

We believe the fact that we are able to pay a dividend so soon after the acquisition of Evander Mines, in a difficult economic and operating environment, demonstrates the quality of the

Group's people, assets and management's ability to continue to deliver results.

Subject to shareholder approval at the AGM, we will resume dividend payments at a proposed dividend of ZAR0.1314 per share.

Mining reserves and resources

The Group's approach to maximising the value of mineral resources and reserves is based on a well-defined exploration programme, innovation in both geological/resource modeling, optimal mine planning, and continual optimisation of the asset portfolio and brownfield projects.

The Group's gold resources increased more than fivefold, due to the successful conclusion of the Evander Mines acquisition. Mineral resources now total 35.13 Moz of gold and 0.68 Moz of PGM 4E (2012: 5.98 Moz of gold and 0.49 Moz of PGM 4E).

An aggressive exploration strategy at Barberton Mines identified new resources including the Segalla and Camelot slimes dams. Year-on-year, Barberton Mines raised its mineral resources by 574,164 oz of contained gold.

The Evander Mines acquisition contributed to a 693% increase in the Group's mineral reserves to 9.20 Moz of gold.

Our successful commissioning of the BTRP at Barberton has encouraged us to develop the Evander Tailings Retreatment Plant (ETRP). Its tailings dumps contain a mineral reserve of 409,000 oz of gold. This additional throughput will optimise the existing processing plant, and has a time frame of between 12 and 18 months.

Other potential organic projects at Evander include the No. 3 Decline, which has a mineral resource of 2.30 Moz and a time frame of between 18 and 24 months to convert to a reasonable reserve.

Brownfield projects at Evander include Poplar and Evander South, both at a pre-feasibility stage. Recommendations have been submitted regarding the scope of work for a bankable feasibility study for these two projects.

Future outlook and growth

On-mine projects

Pan African Resources successfully operates according to our low cost and high margin business model. With the addition of a flat, empowered management team and low overhead structure, the Group believes that it has positioned itself as a long-term, sustainable business.

Barberton Mines, as is evident from the success of the BTRP, has demonstrated a proven ability to source additional ounces at low input costs. The social impact of the BTRP in the Barberton area which has high unemployment, has been very positive with the creation of an additional 83 permanent employment opportunities. The Group will continue to ensure historic productions levels are maintained at Barberton Mines from the underground operations. The management team will further ensure the BTRP is brought into full production, taking Barberton Mines to 115,000oz of gold production.

Over the past year the mining industry has placed greater emphasis on cost delivery, free cash flows and enhanced

BTRP – inaugural gold pour took place on 28 June 2013.

Evander Mines Projects	Category	Tonnes (million)	Grade (g/t)	Gold (Moz)	Depth below surface (m)
Poplar	Resource	28.5	6.84	6.27	500 – 1,200
Evander South	Resource	28.3	6.60	6.01	300 – 1,200
Rolspruit	Resource	25.5	10.83	8.87	1,400 – 3,300
Evander Mines Project	Total	82.3	6.78	21.15	300 – 3,300

shareholders returns. Without diverting from this demand we will continue to concentrate on the efficient use of capital.

Evander Mines has commenced a lower-grade mining cycle, until the 2015 financial year, when we will revert to the high-grade mining cycle. In an effort to ameliorate this reduction in revenue from the mine, we have identified and are evaluating numerous potential organic projects at Evander Mines. Through the process of targeting incremental ounces, cost of production at Evander Mines will be reduced with greater economies of scale and infrastructure synergies.

Already underway is a sweeping and vamping project at Evander No. 7 Shaft, producing gold from previously mined out areas. A second project to process additional surface sources requires the conversion of one of the current autogenous mills to a ball mill to process fines at a rate of 20,000 tonnes per month over 21 months, thereby extending the current LOM of surfaces sources.

A further initiative being considered is the reopening of the No. 3 Decline mining section at Evander Mines No. 7 Shaft. This could enable the quick recovery of additional gold. An additional benefit of this project is that it allows access to the 2010 Payshoot exploration project, which has the potential of a significant new mining area.

Surface tailings within the Evander Mines complex have a total resource of 203 million tonnes at an average grade of 0.29 g/t. A total reserve of 39 million tons of tailings at 0.32 g/t is available at Kinross. The Kinross metallurgical plant, with a nameplate capacity of 260,000 tonnes per month, has some 180,000 tonnes per month of excess capacity. Having identified this as a "quick value" project, we initiated the necessary project work to bring the proposed ETRP into production. This project entails the upgrading of the existing Evander Mines plant, with capital spend estimated to be significantly less costly than that of the BTRP and with expected delivery to be within 18 months.

Phoenix Platinum will remain a focus area over next year in order to identify alternative feedstock for the plant to process, improve recoveries, reduce cost efficiencies and improve production levels.

Other major projects at Evander Mines

Additional major opportunities are Poplar, Evander South and Rolspruit projects. We have tasked SRK to perform a bankable feasibility gap analysis on previous pre-feasibility studies on the Poplar and Evander South projects and will, during the 2014 financial year, consider options of progressing these projects in a manner that will benefit the Group and its shareholders.

The Group's operations have sufficient reserves and resources for long-term mining. While the gold price fluctuates through a zone of uncertainty and mining in general is challenged by labour, regulatory and cost pressures, Pan African will adopt a "steady as it goes" low-expenditure approach until the market indicates that we should develop more aggressively for faster growth.

Partnering with our stakeholders

Local communities at Barberton Mines and Evander Mines, are home to the majority of our operations employees. The betterment of these communities is in the interest not just of the Group and its employees but also the employees' families, their children and parents and extended families. Better living conditions for employees and their loved ones and increasing economic development in the local communities contributes to South Africa's journey and progress. Only through the consideration and collaboration of all stakeholders will the business succeed in aligning the needs and requirements of all, and operate in balance and harmony.

During the year the Group's various operations expended some ZAR20.2 million (2012: ZAR14.4 million) on community and local economic development projects in terms of the approved social and labour plans (SLPs). This represents 4.2% (2012: 4.0%) of the Group's headline earnings.

Barberton Mines

Government has set targets for the mining industry in terms of social development and community upliftment. At Barberton Mines we strive not only to meet the criteria but to exceed them. We believe in creating a community where opportunity and development is available to all and to do so in a sustainable manner. This means that we provide funding and support through our community projects with the goal that they will become fully sustainable organisations in their own right.

As a result we have established a Transformation Trust with the explicit aim of ensuring critical mass by having our suppliers to invest alongside us in order to provide further financing for investing in the community. Deloitte Consulting has been appointed to administer the Trust. In this manner the Trust aims to raise a further two to three million rand per annum, over and above contributions from Barberton Mines. The project portfolio for the Trust is aligned with the Integrated Development Plan of the Umjindini Local Municipality.

Through Our Social and Labour Plans as well as our Corporate and Social investment initiatives, which form part of our approved mining licence, we operate several Local Economic Development (LED) projects in the community of which we are extremely proud.

At Barberton Mines, a partnership with Adopt-a-School has resulted in the opening of the Sinqobile Primary School, which provides education to 1,100 pupils drawn from the local Sinqobile community. The project took three years from the planning and consultative stage to completion and created 39 temporary jobs during the construction period. The majority of the construction and establishment costs were expended with local suppliers.

- *Sinqobile Primary School provides education to 1,100 pupils.*
- *10 full-time bursary students from the community.*

The Sinqobile vegetable garden project has created nine permanent jobs and is operated as a fully functioning small business, providing fresh produce to the local community and retailers.

The Community Skills Development Centre in Sinqobile represents a significant investment in infrastructure in the community and is designed to promote job creation and small business development through the provision of technical training. To date, three cooperatives have been established by alumni of the centre. Barberton Mines assisted the Sewing cooperative in obtaining SABS standards approval, which affords them the opportunity to supply the Mine and other local businesses with safety clothing. The Welding cooperative has secured a contract with a local Hardware store to supply steel window frames and security gates.

The Umjindi jewellery project provides metal arts and jewellery manufacturing skills to disadvantaged youths from the local community, through a formal training and mentorship programme. The training is accredited by the MQA and has resulted in the creation of 8 full time jobs to date.

Bursaries – Following on our theme of learning and the development of our employees and the community, Barberton Mines implemented a fulltime bursary scheme during the 2011 financial year. Candidates are sourced from our local community, with the intention of offering them job opportunities on the completion of their studies. The bursary covers full tuition fees, accommodation, textbooks and a monthly allowance. Currently we have 10 fulltime students enrolled.

The mine also supports improved community health through participating and financially supporting the local municipality in its annual HIV/Aids awareness campaign. A follow up campaign at local schools was also sponsored during the year. This campaign focused on educating teachers and learners on dealing with pupils who are affected by HIV/AIDS. Five local schools benefitted from the program. The Department of Education expressed its appreciation to the Mine for supporting this initiative.

Over and above the current projects that are in place, Barberton Mine has also committed itself to the following new projects for the 2013/2014 financial year:

- The expansion of the Makhanya road in the Emjindini Township at a total project cost of ZAR2.5 million.
- Renovation of the De Kaap Vallei primary school at Sheba at a total project cost of ZAR800,000.
- The construction of a library and science block at Emjindini high school at a total project cost of ZAR1.2 million.

Barberton Mines also support and contribute financially on a monthly basis to the following local organisations:

- Verulam soup kitchen in Sinqobile – monthly contribution of ZAR12,000.
- Thandanani soup kitchen in Emjindini – monthly contribution of ZAR5,000.
- Mlambongwane Home based care centre – monthly contribution of ZAR5,000.
- St John's HIV orphanage – monthly contribution of ZAR10,000.
- De Kaap Vallei school soup kitchen – monthly contribution of ZAR5,000.

Evander Mines

Evander Mines undertook several local economic development projects which have had a direct impact on the mining community surrounding the mine and its labour sending area in the Eastern Cape. These projects are conducted in partnership with the local municipalities and are designed to support implementation of Evander Mine's integrated development plans.

Specific projects include:

- An internship programme, which employs four interns from the local community.
- The development of an SMME business through the construction of a bakery in Embalenhle Township. This project is expected to take three years to complete at an estimated cost of ZAR6 million.

- A sustainable human settlement development, which entailed the construction of 16 family units using local businesses. A further 26 family units will be renovated during 2014 financial year.

Phoenix Platinum

The Phoenix Platinum operation installed a solar powered borehole for the Modderspruit community which provides 40 households with clean water. A second system is to be installed at the local community hall during the 2013 financial year.

Welcome and thanks

A warm welcome to all new employees, and stakeholders to the Pan African Resources stable and in particular, to all of the new employees at Evander Mines. Our thanks go out to Graham Briggs and his Harmony team for the professional and friendly manner in which the Evander Mines deal was undertaken and the continued support provided to Evander Mines through the current shared services arrangement.

Pan African Resources is privileged to have the right people at all levels in our organisation, but none are more important than those men and women who go underground daily and competently perform their duties, often under physically challenging circumstances. I would like to thank the general managers, namely Casper Strydom at Barberton Mines, Manny da Silva at Evander Mines and Bertin Mcleod at Phoenix Platinum for their tireless effort and achievements during the financial year.

Underpinning our success and assisting in ensuring a bright future for Pan African Resources are the on-mine support crews, management and the behind the scenes corporate employees who deliver their best for the Group. Our lean and flat structure makes the business model possible and ensures we continue to deliver on our set goals.

At the end of February 2013 our previous CEO, Jan Nelson, left Pan African Resources and we thank him for his years of service and wish him well in his future ventures.

During the current year, our shareholders entrusted us with more than ZAR707.3 million in an oversubscribed rights issue. We wish to thank this very distinguished shareholder base for their continued faith and loyal support.

We have also been strongly supported by a well established board that offers a broad range of experience in mining and commerce. Their ongoing advice and guidance is invaluable in ensuring we remain on course. During the year Shanduka, our BEE shareholder, rendered exceptional business expertise and contributed to our success.

We look forward to continuing our onward journey together!

Ron Holding
Chief Executive Officer

16 September 2013

FINANCIAL

DIRECTOR'S REPORT

Cobus Loots (Director)

All the financial objectives set in 2012 were successfully met in 2013, thereby ensuring Pan African Resources finished the year in a stronger financial position.

Commentary on financial results

Pan African Resources is committed to creating value for all its stakeholders. For shareholders, value is determined by the share price performance, sustainable earnings, cashflow growth and by dividends paid by the Company.

All of the Group's subsidiaries are incorporated in South Africa and their functional currency is ZAR. The Group's books of prime entry are maintained in ZAR and, with the exception of product sales, which are conducted in US dollars (USD) prior to conversion into ZAR, business is conducted in ZAR. The ongoing review of the results of operations conducted by executive management and by the board is also performed in ZAR.

The Group's presentation currency is the Pound sterling (GBP), due to its ultimate holding Company, Pan African Resources PLC, being incorporated in England and Wales and dual-listed in the United Kingdom and South Africa.

In the current financial year, the average ZAR/GBP exchange rate was ZAR13.84:1 (2012: ZAR12.27:1), and the closing ZAR/GBP exchange rate was ZAR15.01:1 (2012: ZAR12:91:1). The year-on-year change in the average and closing exchange rates of 12.8% and 16.3% respectively must be taken into account for the purposes of translating and comparing year-on-year results.

The commentary below analyses the current year's results and provides insight into the Group's expectations for the 2014 financial year. Key aspects of the Group's ZAR results appear in the body of this commentary and have been used as the basis against which its financial performance is measured. The gross GBP equivalent figures can be found in the Salient Features of this report, appearing on page 5. Similarly, ZAR is the currency used in discussing the operations' performance, included in the Operational performance section on page 52 to 89.

External drivers of financial results

The profitability of the Group is dictated by various economic drivers, the most significant of which are:

- The USD spot gold price – determines the price received for gold and PGM 6E produced.
- The USD/ZAR exchange rate – determines the value received in South Africa for gold and other metals produced and ultimately the Group's revenue. Also drives specific costs of production and capital goods.
- South African general inflation, wage rate and other price increases – which determine the rate of increase in the major elements of the Group's costs.
- The GBP/ZAR exchange rate – influences the Group's reporting performance in GBP.

2013 HIGHLIGHTS

Gross revenue in GBP increased by 32.0% to £133.5 million (2012: £101.1 million).

Gross revenue in ZAR increased by 49.0% to ZAR1,848.1 million (2012: ZAR1,240.3 million).

Group capital expenditure in GBP incurred £27.6 million (2012: £17.4 million).

Group capital expenditure in ZAR incurred ZAR381.6 million (2012: ZAR213.9 million).

Gold sold increased by 38.2% to 130,493oz (2012: 94,449oz).

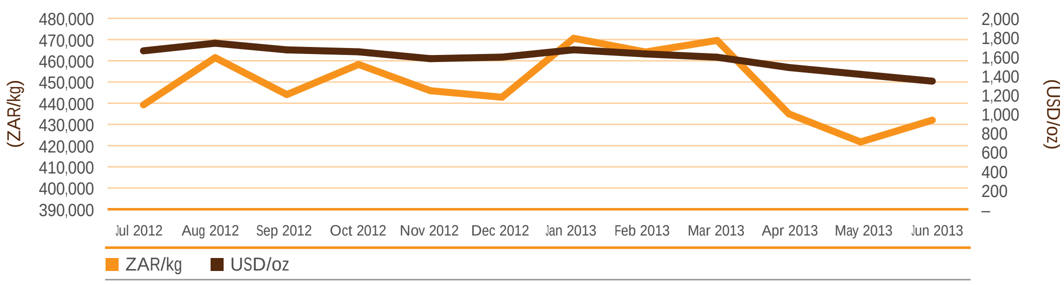
Proposed dividend of ZAR0.1314 per share or ZAR240 million to shareholders.

- Gross revenue in GBP increased by 32.0% to £133.5 million (2012: £101.1 million). Gross revenue in ZAR increased by 49.0% to ZAR1,848.1 million (2012: ZAR1,240.3 million).
- Interest rates – determines interest payable and received for borrowings and cash on hand.

The USD precious metals spot prices

During the course of the 2013 financial year, higher gold prices were achieved for gold sales over the first three quarters when compared to the prior year prices. Gold prices retreated considerably during the last quarter of the financial year impacting the average USD gold price received for the year. The Group realised an average gold price of USD1,553/oz for the year, a decrease of 8.3% from the USD1,694/oz achieved in the prior year.

Monthly gold prices in USD/oz and ZAR per kg



The Platinum price during the 2013 financial year decreased by 3.4% to USD1,552/oz (2012: USD1,606/oz). Phoenix Platinum achieved an average market basket price of USD1,030/oz (2012: USD968/oz), after taking into account the terms of the off-take agreement with Western Platinum Limited.

The USD/ZAR exchange rate

The Group converts and records its revenue from precious metal sales in ZAR, and the deterioration in the value of the ZAR/USD exchange rate during the financial year had a compensating effect on the weaker USD metals price revenue.

The average ZAR/USD exchange rate was 13.9% weaker, at ZAR8.83:1 (2012: ZAR7.75:1).

The average ZAR gold price received by the Group increased by 4.4% to ZAR440,824/kg (2012: ZAR422,215/kg), shielded by the weakening in the ZAR against the USD.

The average ZAR PGM 6E basket price received by the Group increased by 21.3% to ZAR9,093/oz (2012: ZAR7,499/oz).

USD and ZAR gold prices for the previous two years are represented graphically in the chart below.

South African inflation, wage rate and other cost increases

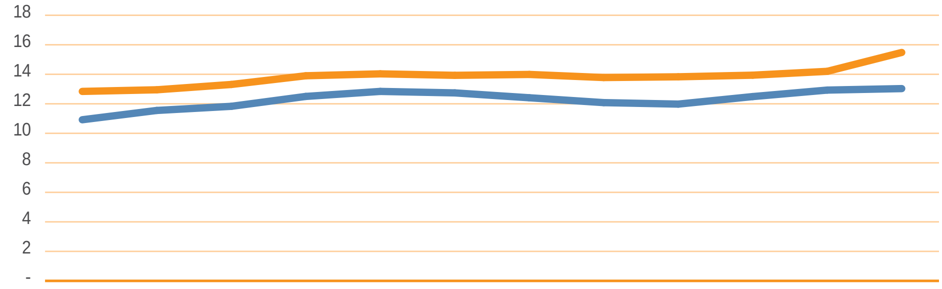
During the financial year, the consumer price index (CPI), (a primary indicator of South Africa's inflation), was reported at 5.5% (2012: 5.5%). The main indicator of producer price inflation (PPI), was measured at 5.9% (2012: 6.6%).

The GBP/ZAR exchange rate

The ZAR's performance against the GBP is a key determinant of the GBP results and, as such, it is important for shareholders both in South Africa and the UK to be aware of the effect exchange has on reported results. The value of the ZAR against the GBP deteriorated for the major part of the financial year, with a significant weakening in the ZAR seen from October 2012. The average GBP/ZAR exchange rate was 12.8% weaker at ZAR13.84:1 when compared to the previous year (2012: ZAR12.27:1).

The GBP/ZAR exchange rate for the previous year is represented graphically in the chart on the next page.

GBP/ZAR monthly exchange rates



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Exchange rate 2013	12.84	12.95	13.31	13.9	14.03	13.93	13.99	13.78	13.83	13.94	14.2	15.48
Exchange rate 2012	10.92	11.55	11.83	12.5	12.84	12.74	12.4	12.08	11.98	12.49	12.93	13.03

Interest rates

The Group pays a margin of 280 bps above the Johannesburg interbank agreed rate (JIBAR) on our RCF balance outstanding, and received interest on cash on hand at quoted call account rates. Movements in interest rates affects the interest expense and income. Currently Jibar at 30 June 2013 was quoted at the following rates:

1 month	5.0%
3 month	5.1%
6 month	5.5%
9 month	5.6%
12 month	5.9%

Report-back on the financial objectives as outlined in the 2012 report

All the financial objectives set in 2012 were successfully met in 2013, thereby ensuring Pan African Resources finished the year in a stronger financial position:

1. Maximising margins by containing costs, based on a forecasted average gold price of ZAR400,000/kg, PGM 6E basket price of USD1,030/oz and exchange rates of ZAR/USD 8.34:1 and ZAR/GBP 13.26:1.

   The stronger gold price that prevailed over the first three quarters of the financial year, weaker ZAR against the USD and overall cost containment helped the Group achieve this objective.

2. Maximising cash generation and increasing the revolving credit facility (RCF) to ensure sufficient funding for the BTRP and on-mine capital expenditure.

   Although the Group increased its available RCF from ZAR150 million to ZAR600 million, it generated sufficient internal cashflows to fund all the BTRP and on-mine capital expenditure, amounting to ZAR381.6 million, without drawing on this facility.

3. Securing funding for the Evander Mines transaction by concluding a rights issue with shareholders and finalising debt finance with third parties.

   The Group successfully completed its acquisition of Evander Mines from Harmony on 28 February 2013.

4. Integrating Evander Mines' financial systems with those of Pan African Resources, which also included migrating Harmony's shared services (currently provided to Evander Mines) to Pan African Resources.

The Group is engaged in the integration process and is aiming to implement a new financial system at Evander Mines. We will further ensure that all shared services processes are migrated by the end of the 2014 financial year.

Analysing the successful acquisition of Evander Mines

On 30 May 2012, Pan African Resources advised shareholders that it had entered into an agreement with Harmony to acquire the entire issued share capital and claims against Evander

Mines for a purchase consideration of ZAR1,500 million. The acquisition was concluded by a wholly-owned subsidiary of the Company, Emerald Panther Investments 91 Pty Ltd (Emerald Panther). In terms of the sale and purchase agreement, the purchase price increased effectively from 1 October 2012, until the date that all conditions precedent had been met resulting in the purchase price increasing by ZAR23.1 million to ZAR1,523.1 million.

The Group assumed effective control over Evander Mines on 28 February 2013 and settled the final purchase consideration of ZAR1,523.1 million in the following manner:

- Funds raised from the shareholder rights issue of ZAR707.3 million,
- debt funded from a drawdown on the Group's RCF of ZAR350 million (total RCF facility available of ZAR600 million),
- cash funded from operational cash flows of ZAR255.8 million,
- cash generated by Evander Mines prior to Emerald Panther taking control of ZAR210.0 million.

The ZAR210.0 million above represents cash generated by Evander Mines between 1 April 2012 and 28 February 2013, and was paid as a dividend to Harmony prior to Pan African Resources assuming effective control of Evander Mines. For accounting purposes, this amount was deducted in determining the final purchase price consideration and investment held by Emerald Panther in Evander Mines, with the final investment amount calculated as ZAR1,313.1 million.

A preliminary analysis of the fair value assets and liabilities of Evander Mines at acquisition appears in the following purchase price allocation (PPA) table, prepared in accordance with IFRS3. This analysis resulted in a bargain purchase consideration of ZAR322.4 million, included in earnings for the year.

Fair value at acquisition

	ZAR (millions)	GBP (millions)
Property, plant and equipment	2,157.0	161.3
Other non-current assets		
Other investments	0.3	–
Environmental trust fund	217.7	16.3
Other non-current assets	3.1	0.2
Current assets		
Inventory	51.5	3.9
Trade and other receivables	32.2	2.4
Cash	29.4	2.2
Non-current liabilities		
Deferred tax	(603.5)	(45.1)
Provision for environmental rehabilitation	(178.2)	(13.3)
Provision for post-retirement benefit	(0.9)	(0.1)
Current liabilities		
Trade and other payables	(72.9)	(5.4)
Tax liability	(0.2)	–
Net asset acquired at fair value	1,635.5	122.3
Bargain purchase gain	322.4	24.1
Effective purchase price	1,313.1	98.2
Evander Mines dividend to Harmony	210.0	15.7
Original purchase consideration	1,523.1	113.9

Unpacking 2013 financial performance

Revenue and profitability

	2013		2012		Movement	
	ZAR (millions)	GBP (millions)	ZAR (millions)	GBP (millions)	ZAR (%)	GBP (%)
Revenue	1,848.1	133.5	1,240.3	101.1	49.0	32.0
Cost of production	(985.1)	(71.2)	(566.0)	(46.1)	74.0	54.4
Mining profit	776.8	56.1	632.3	51.5	22.9	8.9
EBITDA	735.2	53.1	552.5	45.0	33.1	18.0
Profit after taxation	558.9	42.6	358.9	29.2	55.7	45.9
Headline earnings	487.0	35.2	359.7	29.3	35.4	20.1
EPS (cents/pence)	34.51	2.63	24.83	2.02	39.0	30.2
HEPS (cents/pence)	30.07	2.17	24.89	2.03	20.8	6.9

Pan African Resources consolidated results

Group revenue year-on-year increased by 49.0% to ZAR1,848.1 million (2012: ZAR1.240.3 million). Evander Mines contributed ZAR438.9 million, Phoenix Platinum contributed ZAR58.9 million and Barberton Mines contributed ZAR110 million, resulting in a ZAR607.8 million increase in revenue. Barberton Mines recorded an increase in revenue due to an increase in gold ounces sold and higher ZAR gold prices achieved. The Group realised an average gold price of ZAR440,824/kg (2012: ZAR422,215/kg) and an average price for PGM 6E of ZAR292,355/kg.

The Group's year-on-year total cost of production reflects an increase by ZAR419.1 million to ZAR985.1 million (2012: ZAR566.0 million), of which Evander Mines contributed ZAR275.5 million, and Phoenix Platinum ZAR48.9 million of the increase. Barberton Mines' costs increased by 16.7%, which contributed ZAR94.7 million to the Group's cost of production increase.

The Group has adopted reporting cash costs in line with the recommendation of the World Gold Council, and the table below reflects the consolidated Group's overall gold operations costs per kilogram.

The Group's cost of production per kilogram increased by 19.7% to ZAR231,439/kg (2012: ZAR193,360/kg). Evander Mines' cost of production averaged ZAR259,640/kg, compared to Barberton Mines' average cost of production of ZAR221,424/kg. Factors contributing to the average increase year-on-year were salary and wages costs increases at Barberton Mines of 16.1%, an increase in the cost of electricity of 15.0%, mining costs increasing by 32.3%, primarily due to higher vamping contractor costs as a result of additional kilograms produced by this contractor. The mining costs also included additional secondary support costs incurred at Fairview to establish additional mineable panels.

The Group's all-in sustaining cash cost of production per kilogram (including direct cost of production, royalties, associated corporate costs and overheads and sustainable capital expenditure) increased by 14.1% to ZAR281,551/kg (2012: ZAR 246,801/kg), largely impacted by higher on-mine maintenance and development capital expenditure.

The Group's all-in cost per kilogram (sustaining cost of production plus once-off expansion capital) increased by 29.4% to ZAR343,949/kg (2012: ZAR 265,713/kg), due to high capital expenditure incurred on the construction of the BTRP and Evander shaft deepening project. The Group incurred overall lower royalty costs as a result of the higher capital expenditure on the BTRP, which is factored into the all-in cash costs for the royalty calculation. When costs are compared to the average gold price received of ZAR440,824/kg during the year, it demonstrates the Group's current overall available gold mining margins. The Group's EBITDA increased by 33.1% to ZAR735.2 million (2012: ZAR552.5 million), mainly as a result of the inclusion of Evander Mines' EBITDA of ZAR152.3 million.

Pan African Resources achieved an increase of 55.7% in profit after tax to ZAR558.9 million (2012: ZAR358.9 million), due to inter alia, the following reasons:

- An improved performance at Barberton Mines,
- four months profit contribution from Evander Mines,
- bargain purchase gain of ZAR322.4 million arising on the Evander Mines acquisition.

The bargain purchase gain was largely offset by once-off costs, comprising of Phoenix Platinum's impairment of ZAR100 million, an Auroch impairment of ZAR142.3 million, a Manica loss on disposal of asset held for sale of ZAR8.2 million and once-off acquisition costs relating to Evander Mines of ZAR18.7 million.

World Gold Council cost analysis

	Units	2013	2012	Movement (%)
Cash cost costs	(ZAR/kg)	231,439	193,360	19.7
All-in sustaining cash costs	(ZAR/kg)	281,551	246,801	14.1
All-in costs	(ZAR/kg)	343,949	265,713	29.4

The impairments arose as a result of, inter alia, lower precious metal price forecasts and exploration and mining challenges in the current depressed mining environment.

The Group's current tax charge increased marginally by 5.4% to ZAR167.9 million (2012: ZAR159.3 million). The significant BTRP capital expenditure of ZAR229.6 million incurred in the year was fully tax deductible, resulting in the effective current tax rate decreasing to 22.2% (2012: 30.7%). Phoenix Platinum has unredeemed capital expenditure of ZAR133.2 million at year end, which will be utilised in the future.

The Group's EPS in ZAR amounted to 34.51 cents (2012: 24.83 cents) resulting in an increase of 39.0%. The rights issue during January 2013 resulted in the weighted average number of shares in issue increasing by 12.1% during the year to 1,619.8 million (2012: 1,445.2 million).

The Group's HEPS in ZAR terms amounted to 30.07 cents (2012: 24.89 cents), an increase of 20.8%. The current year's HEPS differ from EPS due to the bargain purchase gain, impairment charges and loss on disposal of asset held for sale, which are adjusted for when calculating the HEPS. This net adjustment amounted to ZAR71.9 million.

Readers are directed to the segmental information included on page 129 of the annual financial statements and the operational performance reviews for further analysis.

Because of the funds required for the acquisition of Evander Mines, the board of directors did not propose a dividend for the year ended 30 June 2012. Now, with the continued satisfactory results from Barberton Mines and the successful funding of the Evander Mines transaction, the board of directors has proposed a dividend of ZAR240 million, or ZAR0.1314 cents, resulting in a dividend cover of 2.3 times.

Non-current assets increased by 225.8% to ZAR3,726.2 million. The majority of this significant increase is attributable to the Evander Mines acquisition and related fair value adjustment to the property plant and equipment acquired (ZAR2,157.0 million) as well as capital expenditure at Barberton Mines of which ZAR316.8 million, of which ZAR229.6 million related to the BTRP and is classified as a major project and therefore non-sustainable capital. Included in non-current assets at 30 June 2013 is Evander Mines' rehabilitation trust fund balance of ZAR218.7 million. The rehabilitation trust funds are invested in interest-bearing short-term investments or medium-term equity linked notes issued by commercial banks.

Current assets increased by 9.2% to ZAR401.5 million as a result of increases in inventory and accounts receivable. Inventory increased due to the inclusion of Evander Mines' inventory balances, which included Evander Mines' gold stock not yet sold. In addition BTRP's reagent consumables were held for the first time in the current year. The Group's debtor days increased to 30 days (2012: 15 days), due to larger debtor balances at year-end.

Contributing to the increase in the Group's equity are the proceeds of ZAR707.3 million rights issue undertaken to fund the Evander Mines acquisition and the increase in the current year's retained income, as a result of profit of after tax of ZAR558.9 million.

Non-current liabilities increased by 564.2% to ZAR1,200.9 million due to the inclusion of Evander Mines' rehabilitation provision of ZAR182.3 million and Evander Mines' deferred tax liability of ZAR607.9 million. In addition, Pan African Resources raised ZAR350 million in RCF debt to fund Evander Mines' transaction. At 30 June 2013, an amount of ZAR165.2 million of this RCF debt remains outstanding and is included in non-current and current liabilities. It is pleasing to note that ZAR184.8 million was repaid within four months of the initial ZAR350 million drawdown.

Current liabilities increased by 152.8% to ZAR361.2 million. The majority of the increase relates to the inclusion of Evander Mines' trade and other payables, amounting to ZAR192.1 million. The balance of the increase mainly relates to Barberton Mines' increase in trade and other payables of ZAR58.3 million as result of the BTRP construction contracts.

Financial position and resource allocation

	2013		2012		Movement	
	ZAR (millions)	GBP (millions)	ZAR (millions)	GBP (millions)	ZAR (%)	GBP (%)
Non-current assets	3,726.2	249.3	1,143.8	86.1	225.8	189.5
Current assets	401.5	26.7	367.8	28.5	9.2	(6.3)
Total equity	2,568.8	172.2	1,357.5	102.6	89.2	67.8
Non-current liabilities	1,200.9	80.0	180.8	14.0	564.2	471.4
Current liabilities	361.2	24.1	142.9	11.1	152.8	117.1

Note 1: *At 30 June 2012, Phoenix Platinum had not reached steady state production, therefore all income and expenditure was capitalised as per IAS16 property, plant and equipment*

Note 2: *Current assets at 30 June 2013 exclude non-current assets held for sale of ZAR3.2 million (GBP0.2 million) and at 30 June 2012, ZAR169.6 million (GBP13.1 million).*

FINANCIAL DIRECTOR'S REPORT
continued

The increase in the accounts payable resulted in the creditor days increasing to 60 days (2012: 30 days).

Capital expenditure during the year amounted to ZAR381.6 million as detailed per operation below.

Group capital expenditure	For the year ended 30 June 2013 ZAR (millions)	GBP (millions)	For the year ended 30 June 2012 ZAR (millions)	GBP (millions)
Barberton Mines	87.2	6.3	76.4	6.2
BTRP	229.6	16.6	55.4	4.5
Evander Mines	62.4	4.5	–	–
Phoenix Platinum	2.2	0.2	81.9	6.7
Corporate	0.2	–	0.2	–
Total capital expenditure	381.6	27.6	213.9	17.4

Cash performance

The Group's cash and cash equivalents decreased to ZAR71.6 million (2012: ZAR255.5 million) due to funding of both the Evander Mines acquisition and construction of the BTRP. Despite these outflows, the group was still able to generate sufficient cashflows from its operations to fund on-mine capital expenditure and ZAR184.8 million in RCF repayments during the year.

The Group remains cash generative with a net debt position of only ZAR93.6 million at year-end. The cash generated by the operations is a reflection of the quality gold assets and the available profit margins as a result of cost control and improved production results.

Share price performance

Pan African Resources' share price has over the past year performed well, relative to the FTSE/JSE gold mining index (SA gold mining index). The Group experienced an increase in the share price after announcing the Evander Mines transaction, however the share price declined along with other gold counters, as perceptions about the outlook for the global economy changed. Pan African Resources has performed better than its peers within the SA gold mining index.

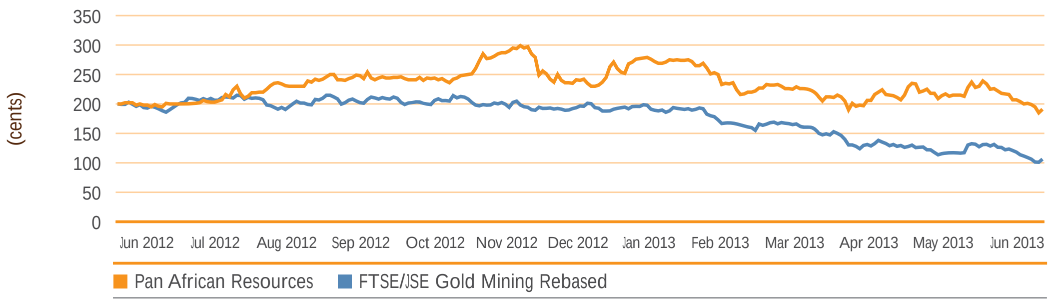
The AIM share price performance highlights that during the year Pan African Resources remained competitive and in line with its peers, outperforming on occasion.

Shareholder analysis at 30 June 2013

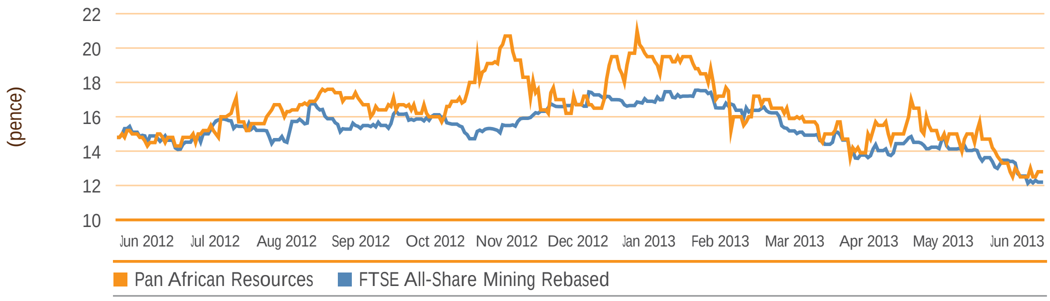
Beneficial shareholders holding of 3% or more	Number of shares	%
Shanduka Gold (Pty) Ltd	436,358,058	23.9
Allan Gray	176,733,778	9.7
Coronation Holdings	170,747,784	9.4
Afena Capital	132,827,637	7.3
Investec Group	96,790,574	5.3
Prudential Group	95,564,329	5.2
Public Investment Corporation (PIC)	55,255,381	3.0

Shanduka Gold (Pty) Ltd remains our largest shareholder and strategic partner.

Pan African Resources vs FTSE/JSE Gold Mining Index



Pan African Resources vs FTSE All-Share Mining Index



Financial objectives for 2014

Fully integrate Evander Mines into the Pan African Resources Group

The successful conclusion of the Evander Mines acquisition during the year required immense work and effort from many employees within the Group and at Harmony. These efforts have continued subsequent to the acquisition, and are now focused on integrating the procurement and financial departments and to realise efficiencies and cost savings. Following the successful implementation of an enterprise resource planning system at Barberton Mines in 2012, the same system is to be introduced at Evander Mines, Phoenix Platinum and Pan African Resources corporate office in order to improve financial control and alignment of reporting.

Cost containment

The finance department will, together with operational management, focus on cost containment in 2014, in order to maximise margins and cash generation. In particular, we will look at exploring synergies to optimise systems and processes further and to ensure effective financial management and control at a reasonable cost.

Maintain dividend payments

It is the Group's objective to maintain dividend payments to shareholders, subject to financial performance and future forecasts.

Cobus Loots
Director
16 September 2013

EXECUTIVE MANAGEMENT

EXCO

Ron Holding (61)

Chief Executive Officer*

NDT Mining Metalliferos (Wits.Tech.)

Managers certificate of Competency (Metalliferous Mining)

MDP (UCT)

43 years of mining-related experience

* *Appointment date 9 September 2013.*

Cobus Loots (35)

Director*

CA(SA)

CFA® Charterholder

* *Busi Sitole resigned as Financial director effective 30 September 2013 and is replaced by Cobus Loots effective 1 October 2013.*

Busi Sitole (37)

Financial Director

CA(SA)

Andre van den Bergh (57)

Executive: HR

Diploma in HR Management

Diploma LR Management

39 years of mining-related experience

EXECUTIVE MANAGEMENT

OPSCO

Casper Strydom (55)

General Manager: Barberton Mines

Mines National Higher Diploma Metalliferous Mining

Mine Managers Certificate

37 years of mining-related experience

Manny da Silva (43)

General Manager: Evander Mines

BSc Mining Engineering (Wits)

Mine Managers Certificate of Competency

Mine Overseers Certificate of Competency

25 years of mining-related experience

Bertin Mcleod (36)

Plant Manager: Metallurgy Phoenix Platinum

Btech: Chemical Engineering

Management Development Certificate

Senior Management Development Certificate

11 years of platinum industry experience

Neal Reynolds (30)

Group Financial Manager

CA(SA)

8 years of financial-related experience

Barry Naicker (40)

Mineral Resource and Reserves Manager

MEng Mineral Resource Management (Wits)

Grad Dip Engineering (MRM)

BSc (Hons) Geology and Economic Geology

10 years of mining-related experience

Wayne Allen (44)

Group Consulting Engineer

National Diploma Engineering

Mechanical Engineer's Certificate of Competency

MAP (Wits)

AMRE (SA)

23 years of mining-related experience

Mandla Ndlozi (42)

Group SHEQC Manager

NADSM (UNISA)

EIA (Potch University)

MDP (GIBS)

SAMTRAC (NOSA)

Integrated SHEQ Management (Potch University)

14 years of mining-related experience

OUR
BUSINESS PHILOSOPHY

Geographic location

Background

Company structure

History of Pan African Resources

The global and South African mining environment

Performing against our business model

Delivering on our strategy

GEOGRAPHIC LOCATION

OF MINING OPERATIONS AND PROJECTS

Building a sustainable and profitable South African-focused precious metals and mining company with a low cost, high margin.

Barberton Mines
Capacity 115 koz gold per annum

Evander Mines
Capacity 100 koz gold per annum

Phoenix Platinum
Capacity 12 koz PGM 6E per annum

BACKGROUND

THE PAN AFRICAN RESOURCES GROUP

Pan African Resources is an African-focused precious metals mining company, comprising the following operations:

- The Barberton Mines gold mining operations, including the BTRP, with a total annual production capacity of 115 koz of gold.
- The Evander Mines gold mining operations, having an annual production capacity of 100 koz of gold.
- Phoenix Platinum, a chrome tailings retreatment plant (CTRP), having an annual production capacity of 12 koz PGM 6E.

The Company also has a 42% investment in Auroch, an Australian-listed gold exploration company, operating in Mozambique.

The Group's total Mineral Reserves amount to 9.20 million ounces (Moz) of gold and 0.25 Moz of PGM 4E.

The Group's total Mineral Resources amount to 35.13 Moz of gold and 0.68 Moz of PGM 4E.

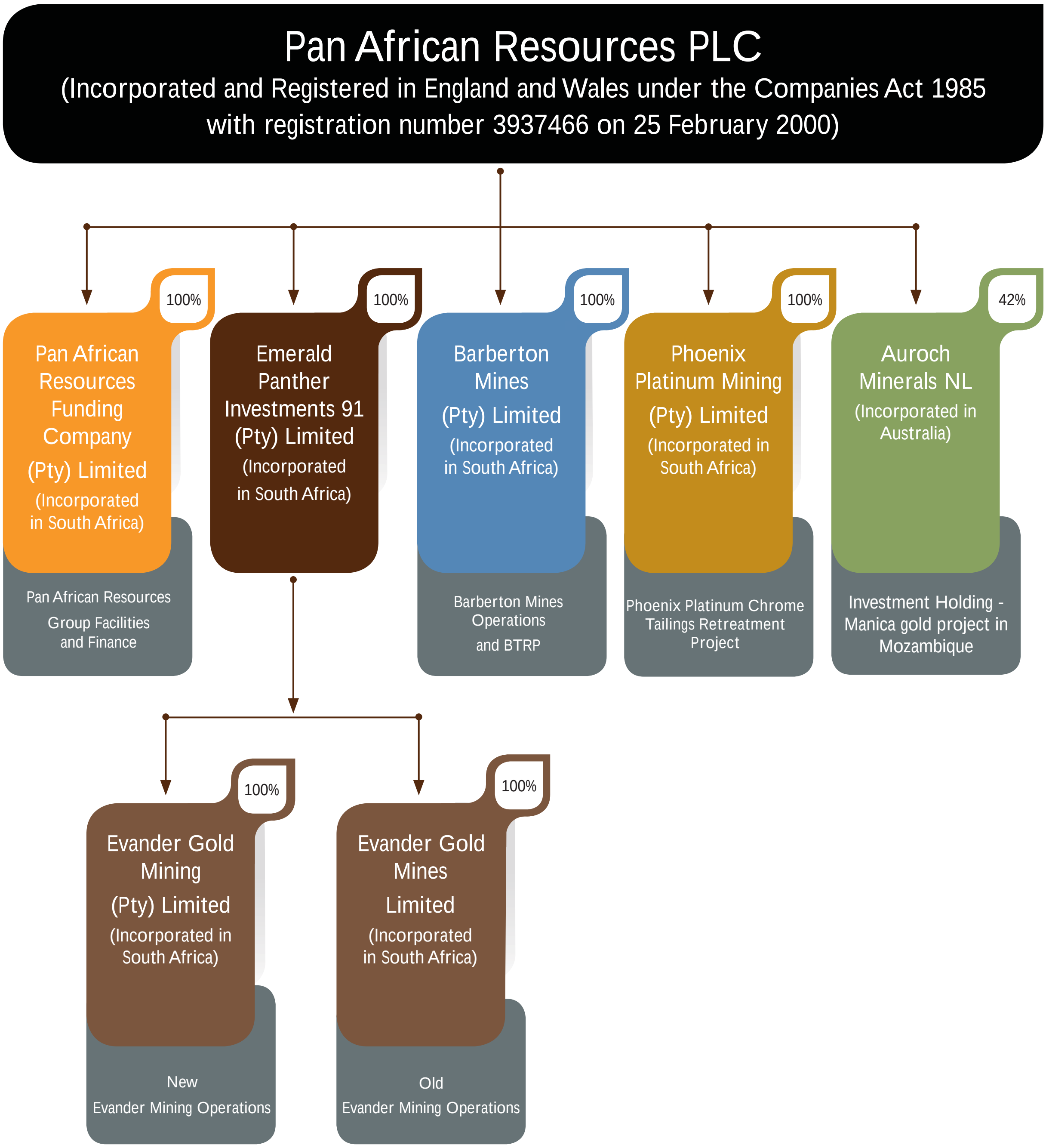
Pan African Resources is committed to value creation for all its stakeholders through a strategy that places safe mining at its core, followed by the optimal mining of quality grade orebodies at low cash costs, in a manner that is sustainable and with minimum impact on the environment and a beneficial impact on the community.

Profitable growth is primarily achieved through prioritising organic projects available within the Group's current asset portfolio. Where appropriate, targeted acquisitions fitting into the Group's business philosophy are mining of quality, high grade low cost orebodies are considered.

Supporting this strategy are a variety of governance structures and prioritised initiatives including skills development, education and training; the continued good health of the workforce; transformation in the workplace and at an ownership level; and environmental management, rehabilitation and closure plans. The Group partners with neighbouring communities through its local economic development (LED) and community investment activities.

The Group's shares are listed on both AIM under the share code PAF and on the main board of the JSE under the share code PAN. It trades under the Gold Mining subsector of both exchanges.

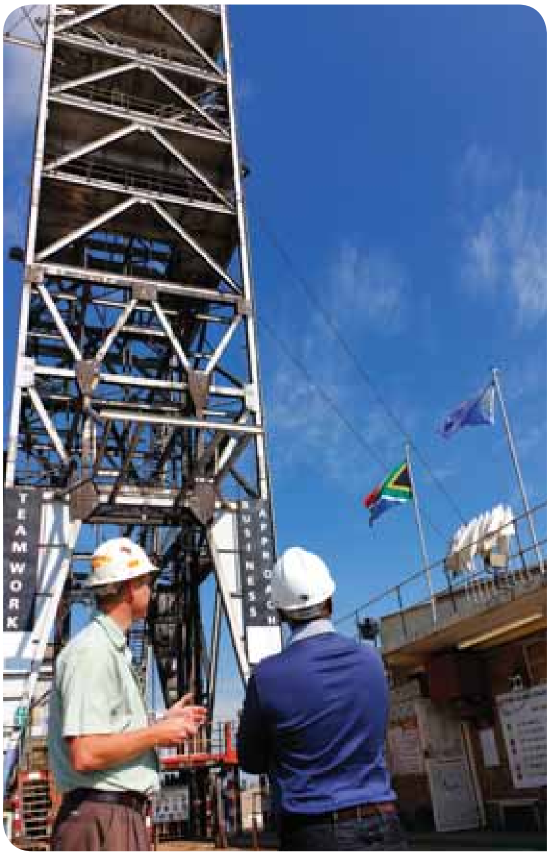
COMPANY
STRUCTURE



Note: Only the material subsidiaries are being disclosed in the Group structure.

HISTORY
OF PAN AFRICAN RESOURCES

- Incorporated as Viking Internet PLC on February 2000 and admitted to AIM in May 2000.
- Name changed to White Knight Investments PLC in September 2001.
- In December 2003, the Company completed the acquisition of Mistral, a company holding rights in relation to gold exploration properties in Ghana and Mozambique.
- A reverse takeover of Brampton Capital in September 2005 resulted in the Company being readmitted to AIM as Pan African Resources.
- An interest in two exploration projects in the Central African Republic was acquired in 2006.
- A 74% interest in Barberton Mines was acquired from Metorex Limited (Metorex) in 2007, resulting in a reverse takeover of Pan African Resources by Metorex.
- Pan African Resources exercised its option to acquire 100% of Phoenix Platinum from Metorex for cash in May 2009.
- The Group acquired the remaining 26% of Barberton Mines from Shanduka in exchange for 295,751,549 shares in the Company in in the same transaction.
- Metorex disposed of its holdings in Pan African Resources to institutional investors and Shanduka in June 2009.
- During the financial year ended 30 June 2009, the feasibility of the exploration projects in Ghana and the Central African Republic were assessed, and it was concluded that these projects did not meet the Group's criteria to continue with further exploration activity. Exploration activities on these projects were then discontinued.
- On 30 May 2012, Pan African Resources announced that it had entered into a conditional agreement pursuant to which Emerald Panther, a wholly owned subsidiary of Pan African Resources, would acquire the entire issued share capital of Evander Mines and all the shareholder loan claims against Evander Mines from Harmony.
- On 28 August 2012, the Group entered into an agreement to dispose of 100% of its interest in Manica to Auroch.
- On 28 February 2013, Pan African Resources through Emerald Panther, finalised the acquisition of 100% of the issue share capital of Evander Mines.
- On 1 March 2013, Firefly Investments 251 (Pty) Ltd (renamed to Evander Gold Mining (Pty) Ltd), a wholly owned subsidiary of Emerald Panther, purchased the assets and liabilities of Evander Gold Mines Limited.



THE GLOBAL AND SOUTH AFRICAN MINING ENVIRONMENT

Global economic conditions

The gold industry is effectively a "price take", and gold prices, denominated in USD, are impacted by worldwide economic conditions.

The global recession has negatively impacted investment in mining activities, particularly as far as exploration and capital projects are concerned. This lack of investment should impact the supply of commodities in years to come.

Over the past year, the global economic outlook has improved somewhat. The world's economy has moved beyond the threat of a euro-led credit freeze and the USA is reporting generally – if somewhat erratic – improving production statistics, although the eurozone is expected to remain in recession for some time to come. However, uncertainty remains in global financial markets, which remain volatile. This continuing volatility may result in cost pressures and commodity price fluctuations.

Recently, we have seen a flight of capital from emerging market economies, which has negatively impacted the currencies and economies in these countries.

The South African economy

The South African Reserve Bank (SARB) has held its key repo rate at record lows in response to disappointing local economic growth and high unemployment. South African interest rates, however, remain relatively high compared to the world's developed economies, which support the South African rand and mitigate to some extent imported and local inflation risks. Towards the end of 2012 and the first half of 2013, continued weakness in the South African economy, the threat of mass strike action and a lack of investor confidence, together with signs of recovery elsewhere, saw the South African rand weaken to its lowest levels in more than four years. It is now considered to be severely undervalued.

Not only does the recent rand weakness impact directly on current revenues and costs, but its inherent volatility as an emerging market currency increases uncertainty regarding future revenues and costs. It may be expected that a weaker South African rand would result in a higher rand gold price; however, the USD price of gold has also declined on signs of a global economic recovery. As such, the rand value of gold is range-bound by the combination of the gold price and the exchange rate.

The majority of the South African mining industry's costs, mainly wages and energy, are rand-based. Social pressures have seen wages increase at rates significantly above inflation in recent years, and the need to recapitalise and develop the country's energy industry has resulted in the cost of electricity increasing by more than 25% per annum between 2008 and 2011, and 16% in 2012. Electricity tariff increases have been limited to a much lower 8% for 2013/14, but these increases remain above inflation. The five-year multiyear electricity price increase determination has been set at 8%, introducing a level of certainty to this key input cost going forward.

Changes in the market price for gold

The market price of gold is very volatile. Fluctuations in gold prices are caused by numerous factors including speculative positions taken by investors or traders, changes in either the supply or demand for gold, financial market expectations regarding the rate of inflation, the strength of the US dollar relative to other currencies, changes in interest rates, actual or expected gold sales and purchases by central banks, the emergence of gold-based exchange traded funds, gold sales by gold producers in forward transactions, global or regional political or economic events and costs of gold production in major gold-producing nations.

Gold prices have recently been under pressure, inter alia, as a result of a general view that the world economy is recovering and new regulations to curb gold imports in India.

The gold price ranged from USD1,192 to USD1,792 per ounce in the 2013 financial year and the price of gold as at financial year-end was USD1,192 per ounce. The average price realised by the Group during the year was USD1,553 per ounce.

Labour disruption and trade union activities

Employees in the South African mining industry are highly unionised and mining companies in South Africa face labour disruption resulting from labour disputes. Recently, trade union strike action at underground mines has had a major effect on the mining industry in South Africa. Inter-union rivalry, wildcat unprotected strikes and politicking by various political factions further complicate the industrial relations landscape.

A high incidence of violence and intimidation is often associated with strikes, especially illegal strikes, resulting in loss of life and serious injury and property damage. Showing government's commitment to the sector, South Africa's deputy president, the Honourable Kgalema Motlanthe, was given the mandate to stabilise relationships between owners, managers and labour in a manner that will promote further investment in the sector.

The governance of mining rights and mining activities

In South Africa, the award and maintenance of prospecting and mining rights are linked to meeting various obligations, including compliance with the Mining Charter, the Mineral and Petroleum Resources Development Act (MPRDA) and other legislation. Compliance with the Mining Charter, measured using a designated scorecard (Mining Charter Scorecard), requires the achievement of equity participation in all prospecting or mining ventures by historically disadvantaged South Africans (HDSAs) of 26% by April 2014, and targeted levels of participation by HDSAs in management.

The industry is also prescribed to by the Code of Good Practice for the Minerals Industry (the Code) and the Housing and Living Conditions Standard (the Standard). The Code was developed to create principles to facilitate effective implementation of minerals and mining legislation and enhance implementation of the Mining Charter applicable to the mining industry. The Standard aims to include the provision of housing as an integral part of infrastructure during the development of a mine.

The South African Department of Trade and Industry has proposed changes to the Broad-based Black Economic Empowerment Act, No 53 of 2003 (BEE Act) which, if implemented, would provide a standard framework for the measurement of black economic empowerment compliance across all sectors of the economy. The implementation of an all-encompassing standard framework may result in targets previously agreed with the Department of Mineral Resources (DMR) becoming redundant, requiring the industry and individual mining houses to modify their approach to transforming the industry.

Competition

The mining industry is competitive in all of its stages. Mining companies compete for specialised equipment, components and supplies necessary for exploration and development, for mining claims and leases on exploration properties and for the acquisition of mining assets.

The South African industry also competes on a global basis to attract and retain key human resources with the appropriate technical skills and operating and managerial experience. This is further exacerbated in the current environment of increased mining activity across the globe.

The retention of staff is particularly challenging in South Africa where, in addition to the impacts of global industry shortages of skilled labour, the industry is required to achieve employment equity targets of participation by HDSAs in management. The current shortage of critical skills and experience in South Africa makes the development and retention of people essential to a successful mining business.

Health and safety laws and regulations

Over the past 20 years, the South African gold mining industry has responded to increasing demands to improve safety on its mines, and is subject to a variety of industry-specific health and safety laws and regulations to protect employees. The government enforces compulsory shutdowns of operations to enable investigations into the cause of accidents at those operations. In particular, the so-called "section 54" safety stoppages have become a significant issue. Stoppages can be enforced by the Inspector of Mines for a variety of reasons and can impact specific shafts or levels, or the entire mine. A demonstrable commitment to safe production and good relationships with the DMR and its representatives are key elements to minimising the impacts of these stoppages.

Safety in South African mines has improved drastically over recent years, with a significant decrease in fatalities and injuries across all sectors of the industry.

Illegal mining

South Africa's poor economic growth and high unemployment rates incite illegal mining activities. The presence of illegal miners on mine land and within the working area of a mine pose serious safety risks – not just to the illegal miners, but also to the mine's employees. This phenomenon increases the security costs associated with mining. Pan African Resources is engaged in a continuous and focused effort to reduce the impact of illegal mining on our operations.

Environmental laws and regulations

Environmental laws and regulations in South Africa are world class and establish limits and conditions on the industry's extraction; use and conservation of water resources; air emissions (including dust control); water treatment and discharge; regulatory and community reporting; clean-up of contamination; worker safety and community health; and the generation, transportation, storage and disposal of solid and hazardous wastes such as acids, radioactive materials and mine tailings. The requirement for compliance with environmental laws and regulations has increased in line with international trends.

Environmental laws and regulations are continually changing and are generally becoming more prescriptive. Failure to comply with applicable environmental laws and regulations may result in the suspension or revocation of permits and rights.

Water quality and usage are areas of concern globally, but are particularly significant for water-stressed South Africa, where there is significant potential for environmental and social impacts. Any failure to secure access to suitable water supplies, or achieve and maintain compliance with the requirements of the permits or licences, could result in curtailment or halting of production at the affected operation. The South African

THE GLOBAL AND SOUTH AFRICAN
MINING ENVIRONMENT continued

Department of Water Affairs monitors compliance with regard to water matters.

South African mining companies are required by law to close their operations at the end of a mine's life, rehabilitate the lands mined and manage the potential for acid mine drainage. Estimates of total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on life-of-mine (LOM) profiles, changing inflation and discount rate assumptions, changing designs of tailings storage facilities and current legal and regulatory requirements. Accounting standards require that environmental liabilities are accrued when they become known, probable and can be reasonably estimated. Increasingly, regulators are seeking security in the form of cash collateral or bank guarantees in respect of environmental obligations. Pan African Resources assesses its liabilities in this regard on an annual basis, and creates financial provisions accordingly.

Both direct and indirect emissions of greenhouse gases (GHGs) are receiving ever-increasing attention and increased disclosure expectations. The South African mining industry, through its use of fossil fuels and electricity generated by Eskom, the local energy utility, is responsible for the emission of substantial quantities of GHGs. In response to international initiatives, including the Kyoto Protocol and the Durban Platform, commitments by the South African government to reduce the country's emissions have led to a proposed carbon tax, expected to be introduced in 2015. The costs of monitoring, measuring and managing energy consumption may well be offset by energy efficiencies achieved. However, carbon taxes – especially those imposed on local electricity utility Eskom – will, in all likelihood, see further increases in the cost of electricity.

Climate change

The mining industry could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, reduced water availability, higher temperatures and extreme weather events. Events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing, power supplies and rehabilitation. Furthermore, these could cause resource shortages, damage property or equipment and increase health and safety risks.

Investor perceptions

The gold mining sector, as a whole, has failed to deliver adequate equity returns to investors over the last years. Currently, investors are demanding renewed focus by the management of gold mining companies on issues such as capital rationalisation, reduction of expenses and profitability.

Resource nationalism

The bull market commodities have resulted in a global increase in resource nationalism. Stakeholders in the countries and areas in which mining companies operate are all demanding increased participation in mining ventures. This participation takes many forms, with increased taxation and shareholdings by communities being two examples. Mining companies can no longer view stakeholder engagement as ancillary to their core business – maintaining and improving working relationships with all stakeholders is critical to sustainability.

PERFORMING AGAINST
OUR BUSINESS MODEL

The four pillars – an integrated business and reporting model

Pan African Resources aims to create value for all our stakeholders by operating our business at a point or intersection where all our shareholders, our employees, partners and the local communities in which we operate benefit. To ensure we operate within these bounds, we use the concept of four business pillars to drive and monitor our performance:

- Profitable
- Sustainable
- Stakeholders
- Growth

Profitable

Ongoing profitability would be expected to be the most logical purpose for a business, but some mining companies appear to have overlooked this core principle in their pursuit of more mine developments and resource ounces. They have consequently suffered losses as a result of factors such as over expenditure, reduced commodity prices and growing stakeholder discord.

We are always aware that gold prices rise and fall, and therefore strive to keep costs down in anticipation of the lean years, when cash must still be generated for ongoing operations and shareholders. We are mindful that investors rightly expect due returns, so will only expand operations or make acquisitions when the fundamentals are in place.

Profitability business pillar results in numbers:

- Average ZAR gold price realised ZAR440,824/kg (2012: ZAR422,215/kg).
- Total gold cash cost ZAR231,439/kg (2012: ZAR193,360/kg).
- Gross profit margin achieved from gold operations of 47.5% (2012: 54.2%) or ZAR849.8 million (2012: ZAR672.3 million).
- Revenue from PGM 6E sales of ZAR58.9 million (2012: nil).
- EBITDA of ZAR735.2 million (2012: ZAR552.5 million), an increase of 33.1%.
- Attributable profit of ZAR558.9 million (2012: ZAR358.9 million), an increase of 55.8%.
- EPS up 39.0% to 34.51 cents (2012: 24.83 cents).
- HEPS up 20.8% to 30.07 cents (2012: 24.89 cents).

PERFORMING AGAINST
OUR BUSINESS MODEL continued

Sustainable

We view sustainability broadly in two ways. The wider definition of sustainability is that Pan African Resources' operations and the pursuit of financial returns should not be conducted without heeding our broader responsibilities towards the environment and society. For Pan African Resources itself, sustainability means operating within parameters determined by government laws, the market context, current and long-term risks and opportunities, corporate governance and financial prudence, so that the long-term viability of the Company is not at any time threatened.

Prudent capital structuring and investment

Pan African Resources is committed to maintaining the profit margins at our operations as the basis for our success, and we strive to do this safely. Should the gold price fall to a level approaching our all-in sustainable cost of production for any continued period, we will review all projects, capital expenditure and costs to preserve cash. We believe that a true measurement of our success must be based on an all-in cash cost of production in ZAR/kg.

An enabling culture

Pan African Resources remains competitive and sustainable by enabling a company culture that embraces our people as our primary asset, rather than an expensive liability. We value expertise and nurture talent, while encouraging the free flow of ideas, trends and information between all levels. We keep this culture of success vibrant by attracting the best people, retaining those we have and providing training and skills development. We also work diligently to maintain safe underground and working conditions, supported by continuous improvement of safety and productivity standards.

A key factor is that we encourage each individual to be an integral part of the business. Practically, this means engendering trust and honesty, continual listening and addressing issues rather than people.

Pan African Resources is structured to support this flat and mutually supportive culture by having a small corporate office and devolving most management functions to the mine managers and their on-site teams.

Evander Mines has brought with it management systems inherited from Harmony. As long as these are appropriate to that particular mining operation, Pan African Resources will not change systems simply to match those at Barberton Mines. We are evaluating the two operations, and where appropriate will cross-pollinate with those systems we regard as best practice. Following the successful implementation of an ERP system at Barberton Mines in 2012, the same system is to be introduced at Evander Mines to improve financial control and reporting.

Environmental impacts and good corporate citizenship

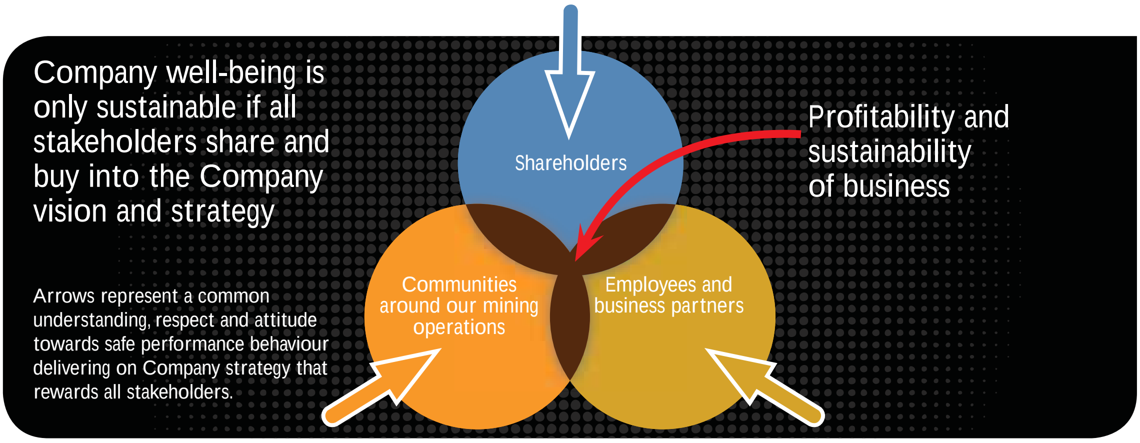
Pan African Resources has long accepted that human activities are a direct cause of negative climate change, and that our operations cannot be conducted in isolation from environmental and social interests. Our engagement goes beyond mere compliance with legislated environmental, social and labour requirements. We are proud of the 1,100-learner school we built near Barberton Mines and the food and job opportunity projects in which Pan African Resources is involved.

Having recently acquired Evander Mines, we have evaluated its social and environmental programmes. Certain aspects are impressive – in particular, its internal employee development programme, and the building of a bakery and kiosks, totalling an investment of ZAR6 million over the last three years.

To keep this report concise in accordance with current integrated reporting best practice, we refer you to a full disclosure of our environmental and social impacts and programmes on the Pan African Resources website, found at www.panafricanresources.com

Sustainability business pillar salient features:

- Capital expenditure to maintain and optimise existing assets of ZAR76.2 million (2012: ZAR38.1 million).
- Capital expenditure to develop and extend existing assets of ZAR75.7 million (2012: ZAR37.6 million).
- The Evander Mines acquisition has necessitated an increase in the Group's capital structuring, but it remains conservative with a net debt:equity ratio of 0.04 (2012: (0.19)).
- The Group persists with its successful decentralised management approach and structure.
- There is continued successful participation and interaction with our local communities.
- ZAR2.9 million (2012: ZAR1.0 million) invested in employee training and development.
- No industrial action or material production interruptions related to safety occurred during the year, demonstrating our commitment to safe and sustainable operations and strong workforce relationships.



Stakeholders

The Group's shareholders and stakeholders are key participants in developing the strategic objectives that inform our planning and actions. By being involved, they understand the realities of Pan African Resources' operations and will easier accept that there will be difficult years as well as good years.

During this reporting period, we actively engaged key stakeholder groups such as our employees, communities, investors and shareholders, regulators, analysts and the media. We worked to ensure that these engagements were thorough and meaningful. Stakeholder inputs were fed back into strategy, risks, opportunities, future planning, environmental planning, social and labour plans (SLPs), and the relevant committees and operations. A further disclosure of Pan African Resources' stakeholder engagement activities is included in the Corporate Governance section of this report on pages 96 to 98.

Stakeholders business pillar salient features:

- There was a 21.8% return on shareholder funds in rand terms (2012: 26.4%).
- Proposed dividend of ZAR0.1314.
- The Group's overall safety record continues to improve, although two employees were unfortunately killed at the Barberton Mines' site in industrial as opposed to mining accidents.
- Negotiated wage increases averaged 14% during the 2013 financial year.
- Total salaries, wages and Company contributions amounted to ZAR507.0 million (2012: ZAR293.2 million).
- Total taxes collected and paid on behalf of the fiscus of ZAR149.0 million (2012: ZAR102.6 million).
- The BTRP construction created 302 jobs in the Barberton area, and 83 permanent jobs upon completion.
- Community social investment amounted to ZAR20.2 million (2012: ZAR14.4 million), 4.2% of headline earnings (2012: 4.0%).

Growth

A key aspect of Pan African Resources' business model is the healthy margin between our cost of production and the market price of the metals we produce. Ensuring a significant margin safeguards our sustainability and funds shareholder satisfaction.

Pan African Resources has no influence over metal prices, but we can control production costs and ensure that the Group only acquires high grade orebodies. The board has stipulated explicit criteria for orebodies already in our Reserves and additional projects we may consider acquiring.

Should gold prices decline, as they have recently, the Group can continue generating profit due to the quality and cost profile of our operations and orebodies. We have invested considerable funds into our Mineral Resource Management (MRM) programme, to ensure that our Resources and Reserves are accurately mapped out for viable mining in the medium to long term.

As stated earlier, Pan African Resources has no immediate plans to make further acquisitions, unless exceptional opportunities become available that fit into our high grade/low cost parameters.

On the cost of production side, we will factor in rising input costs – electricity in particular – and the potential for wage increases in excess of inflation due to the current mismatch between economic reality and worker expectations.

Growth business pillar salient features:

- Finalisation of the Evander Mines transaction and the operations consolidation from 1 March 2013. This acquisition will contribute an additional 100,000 oz per annum to the Group.
- Commissioning of the BTRP on time and within budget.
- Phoenix Platinum operated for its first full year.
- Gold sold totalled 130,493 oz (2012: 94,449 oz).
- Revenue from PGM 6E sales of ZAR58.9 million (2012: nil).
- Gold Reserve inventory increased by 693% to 9.20 Moz (2012: 1.16 Moz).
- Gold Resource inventory increased by 496% to 35.13 Moz (2012:5.98 Moz).
- PGM 4E Reserve inventory increased by 38.9% to 0.25 Moz (2012: 0.18 Moz).

DELIVERING ON
OUR STRATEGY

In the year under review, the Group has achieved in all areas of our strategy through, inter alia, optimising existing operations at Barberton Mines – an asset with a significant production life that offers high grade gold mining at a relatively low cash cost.

Growth is being realised through the successful acquisition of Evander Mines, which promises expanded future production through an array of organic project opportunities. Following this successful transaction, further acquisitive growth opportunities will be thoroughly investigated as and when they arise, although this isn't a priority at present.

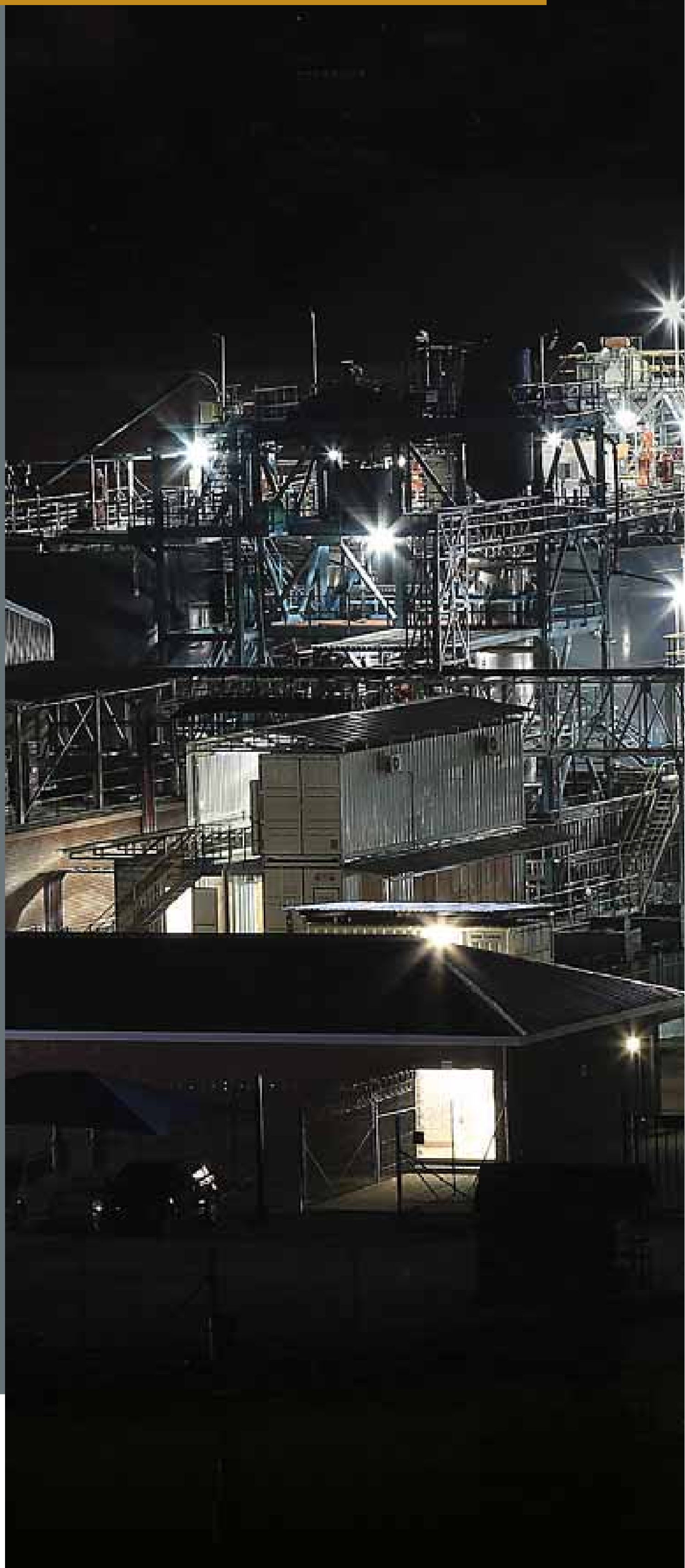
In addition, the Group continues to address its environmental footprint and exposure through the retreatment of various tailings dams, both at its own gold mining operations and those arising as a result of chrome and platinum mining in South Africa's North West Province.

Indicators and comments on our performance against key drivers appear throughout this report. Below, we reflect on our performance against the four key strategic initiatives identified in our 2012 Annual Report.

Strategic initiative 2012	Performance in 2013
Finalise the acquisition of Evander Gold Mines and integrate it into the Group	• Cash of ZAR210 million generated prior to transaction closing was offset against Evander Mines purchase price. • Final cash settlement price ZAR1.313 billion. • ZAR707.3 million of total purchase price secured through an oversubscribed rights issue. • Balance funded from internal cash resources and Nedbank/ABSA RCF of ZAR350.0 million. • Results were consolidated from 1 March 2013 and integration into the Group progressing well. • Management services agreement in place with Harmony until 28 February 2014 (extendable by another six months). • Evander Mines' production totalled 34,197 oz for the four months ended June 2013. • Investigation of project opportunities at No 7 Shaft progressing well and additional Mineral Resources quantified. • The potential to treat surface material at Evander Tailings Retreatment Plant (ETRP) will contribute further to profitability. • Other organic projects being investigated further.
Finalise the disposal of the Group's Manica operation	• 100% of Manica sold to a wholly owned subsidiary of Australian Stock Exchange-quoted Auroch on 31 December 2012. • Total potential purchase consideration of AUD6 million payable in cash and shares in Auroch. • Underlying purpose of the transaction was to fund exploration activities in Mozambique. • At year-end, the Group's equity interest in Auroch amounted to 42%. • The balance of the purchase price is deferred until the achievement of certain milestones. • The decline in both the gold price and market conditions has necessitated a ZAR142.3 million impairment of the Group's investment in Auroch Minerals NL at year-end.

Strategic initiative 2012	Performance in 2013
Commission the BTRP	• The plant was commissioned on schedule and within budget (ZAR305 million), with the inaugural gold pour taking place on 28 June 2013. • The project was funded entirely from internal cash resources. • the plant is designed to re-treat 100,000 tonnes of gold tailings per month at an estimated average cash cost of USD725/oz. • The plant will ramp up to full production during the second quarter of the financial year 2013. • The plant is expected to contribute an additional 20,000 oz of gold per annum.
Optimise the CTRP and produce PGM 6E	• Project plan was based on the retreatment of sulphide material from International Ferrous Metals' (IFM) Lesedi Mine. • PGM and chrome prices fell significantly below those forecasts at the time of the feasibility study. • As a result of the poor chrome market conditions, IFM cut back operations at its Lesedi Mine in January 2012 and eventually stopped the underground sulphide production. • IFM redirected its efforts towards its open-cast section. • Highly oxidised tailings from open-cast chrome mining negatively impacts on the Phoenix Platinum plant's recovery and concentrate grade, and hence PGM production. • The Group is considering expediting an additional tailings storage facility to allow for the bypassing of the oxidised tailings and allow the plant to treat sulphide material from the existing tailings storage facility. • Once the additional tailings storage facility is completed, recoveries and revenue are expected to increase significantly. • The bypassing of oxide feedstock directly to the IFM tailings storage facility has had a positive effect. The continued success of this is dependent on the continued safe operation of the IFM tailings storage facility. • An impairment of ZAR100 million was raised against Phoenix Platinum at year-end, as a result of a decline in commodity prices and operating conditions.

OPERATIONS STATEMENTS



OPERATIONAL PERFORMANCE

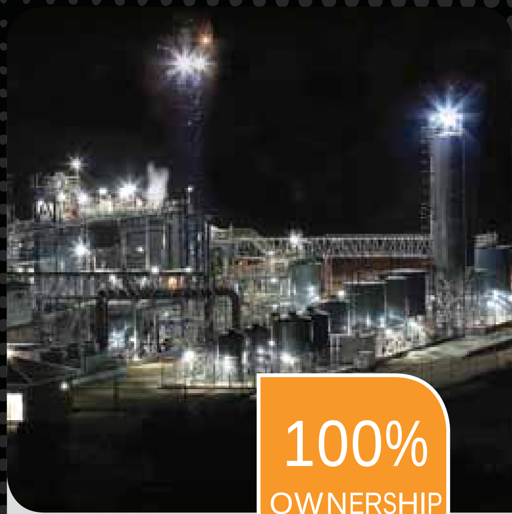
100% OWNERSHIP

Barberton Mines

- 95koz of Au production capacity per annum
- Head grade: 10.0g/t
- LOM: 17 years
- Reserve: 11.82Mt @ 3.10g/t (1.18Moz)[†]
- Resource: 27.95Mt @ 3.92g/t (3.52Moz)[†]

[†] *Including BTRP.*

In production

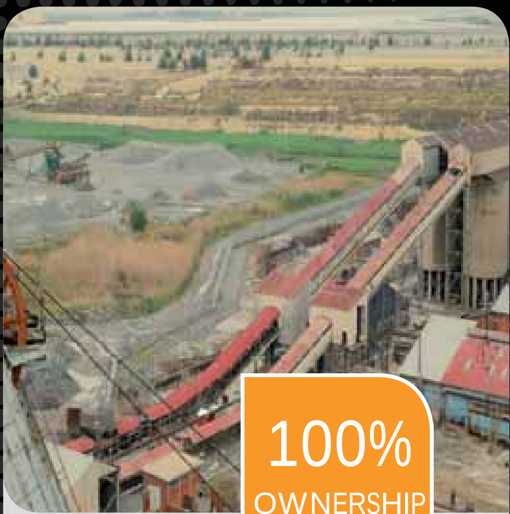


100% OWNERSHIP

BTRP

- 20koz of Au production capacity per annum
- Head grade: 1.34g/t
- LOM: 12 years
- Reserve: 7.28Mt @ 0.56g/t (0.13Moz)
- Resource: 17.00Mt @ 1.34g/t (0.72Moz)

Completed construction. In production in the 2014 financial year



100%
OWNERSHIP

Evander Mines

- 100koz of Au production capacity per annum
- Head grade: 5.35g/t
- LOM: 14 years
- Reserve: 67.99Mt @ 3.67g/t (8.02Moz)
- Resource: 309.15Mt @ 3.18g/t (31.61Moz)

Acquisition completed, in production

100%
OWNERSHIP

Phoenix Platinum

- 12koz PGM 6E production capacity per annum
- Plant feed grade: 3.27/t
- LOM: 20 years
- Reserve: 5.38Mt @ 1.46g/t (0.25Moz)
- Resource: 6.53Mt @ 3.27g/t (0.69Moz)

In production

BARBERTON MINES

Operation at a glance

Operation name	Barberton Mines gold mining operations
Parent and ownership percentage	Pan African Resources Resources PLC (100% attributable)
Company name	Barberton Mines (Pty) Limited (South African incorporated)
Country of operation	South Africa
Provincial jurisdiction	Mpumalanga
Number of employees	1,837
Number of contractors	754
Commodity being mined	Gold
Geological setting	Sediments and metavolcanics within the Barberton Greenstone Belt
Mining method	Underground semi-mechanised up-dip cut and fill and up-dip room and stick
Extraction method	Concentrator and BIOX®
Name Plate Annual Production Capacity	
Tonnage (t)	310,000
Head grade (g/t)	10.0
Gold produced (oz)	95,000
Cash cost	USD780/oz
Sustainable capital per annum	ZAR100 million
LOM	17 years

Setting the scene

Barberton first produced gold in 1886 after the discovery of the first gold nugget by Edwin Bray.

During the 1970s and 1980s, AngloVaal consolidated various operations in the area including Sheba, New Consort and Agnes Mines. In 1998, the Company acquired Fairview Mine from the then owners Goldfields (previously Gencor). In 2003, AngloVaal sold the operations, excluding Agnes, to Metorex and, in 2006, Metorex reversed Barberton Mines into Pan African Resources.

The Barberton Mines mining complex consists of three mines: Fairview, New Consort and Sheba, and now the BTRP. The three mines currently produce approximately 95,000 oz of gold per annum, with the BTRP, commissioned in June 2013, expected to produce 20,000 oz per annum. The combined operations are expected to produce approximately 115,000 oz of gold in the 2014 financial year.

The Biological Oxidation (BIOX®) gold extraction process was developed at Barberton Mines and is used as a training facility for other BIOX® plants in the industry. BIOX® is an environmentally friendly process of releasing gold from the sulphide that surrounds it, using bacteria that perform this process naturally.

Barberton Mines is known for its high average head grade and remains one of the lowest cash cost producers of gold in the country. During 2013, the Barberton Mines team excelled, surpassing production targets and limiting average production cash costs to ZAR221,424/kg. As such, this relatively small mine in the Mpumalanga contributed considerably to the Group's success in 2013.

Management team

Name	Age	Designation	Qualification	Experience
Casper Strydom	55	General Manager	National Higher Diploma Metalliferous Mining Mine Managers Certificate	36 years of mining-related experience
Pierre Human	52	Manager: Mining	Mine Overseers Certificate of Competency Mine Managers Certificate of Competency MDP Stellenbosch	30 years of mining-related experience
Jonathan Irons	47	Manager: Metallurgy	National Higher Diploma Extractive Metallurgy Programme for Management Development (GIBS – University of Pretoria) Competence levels include Refractory Gold Extraction Technologies – (Roasting and Hydrobiological)	25 years of metallurgy-related experience
Hans Grobler	49	Manager: Engineering	Mechanical Engineers Certificate of Competency Professional Certificated Engineer	31 years of engineering-related experience
TP Maepa	28	Manager: Finance and Administration	BCom (Hons) Accounting	9 years of financial-related experience
Essie Esterhuizen	53	Manager: Human Resources	Completed the Gencor Learner Officials Programme Certificate in Personnel Management Various other mining industry-related certificates Skills Development Facilitator – NQF Level 5	31 years of human resources-related experience

Operational performance

		2013	2012	2011	2010	2009
Tonnes milled: underground	(t)	274,398	282,041	296,200	313,167	313,952
Tonnes milled: surface	(t)	35,086	26,054	–	–	–
Tonnes milled: total	(t)	310,484	308,095	296,200	313,167	313,952
Head grade: underground	(g/t)	11.8	11.2	–	–	–
Head grade: surface	(g/t)	1.5	1.9	–	–	–
Head grade: total	(g/t)	10.6	10.5	10.6	10.6	10.3
Recovered grade	(g/t)	9.6	9.5	9.7	9.7	9.4
Overall recovery	(%)	91	91	91	91	91
Production: underground	(oz)	95,135	93,381	92,043	97,483	94,909
Production: surface/calcine dumps	(oz)	1,161	1,068	–	–	3,955
Gold sold	(oz)	96,296	94,449	92,197	98,091	97,353
Average price: spot	(ZAR/kg)	450,829	422,215	306,757	267,876	251,740
Cash cost	(ZAR/kg)	221,424	193,360	175,520	158,711	136,178
All-in sustaining cash costs	(ZAR/kg)	273,653	246,801	217,524	189,308	155,910
All-in cash cost	(ZAR/kg)	350,282	265,713	217,524	189,308	155,910
Total cash cost	(ZAR/t)	2,153	1,844	1,707	1,537	1,313
Capital expenditure	(ZAR millions)	316.8	131.8	75.2	70.2	58.7

BARBERTON MINES
continued

Exploiting the orebody

Underground semi-mechanised cut and fill mining continued at all three of Barberton Mines mines and small quantities of low grade surface material were also processed. Whilst underground tonnages declined slightly from 2012, the additional low grade surface volumes resulted in the operation increasing its total tonnage milled and optimising plant throughput. From July 2013, the traditional underground mining operations will be supplemented by the BTRP.

Consistent recoveries and improved head grade allowed Barberton Mines to increase its overall recovered grade to 9.64 (g/t), surpassing 2012's gold production and sales.

Between 16% and 18% of gold is recovered by sweeping and vamping contractors, focusing on worked-out areas and high grade pillars. The proportion of gold production between the three mines of Fairview, Sheba and New Consort is approximately 50:30:20. The three mines introduce a level of flexibility and versatility with regard to potential interruptions and resource allocation.

The mix of ore from the mines is planned every month to maintain the targeted grade and gold production, thus managing the mines cash flow at an early stage in the mining process.

Between 600 metres and 700 metres of development are drilled every month. A total of ZAR40.9 million (2012: ZAR37.7 million) of development capital was invested at Barberton Mines during the year.

Mining and processing – challenges and achievements

The mines at Barberton have been mined for more than 100 years, and current production practices have been in place for many decades and are now embedded. The bulk of mining takes place during the morning shift, with the evening shift being dedicated to cleaning, dragging and hoisting. Planned plant maintenance takes place over weekends.

However, mining of the Fairview Mine faces increasing challenges as it becomes deeper. These challenges include managing the orebody, increasing ventilation, and development in the bottom of the mine to ensure orebody availability.

During the first six months of the financial year, operating performance was below budget, mainly attributed to a mechanical failure of the Sheba ZK winder bull gear as well as shaft refurbishment at the No 2 and No 3 declines at Fairview Mine. During the second half of the financial year, the Barberton Mines team delivered a solid performance and exceeded expectations, their production targets resulted in overall gold sold of 96,296 oz (2012: 94,449 oz).

The on-time and within-budget construction and commissioning of the BTRP was a considerable achievement during the year. This is dealt in detail on page 57.

The overall 14.5% increase in total cash costs per kilogram of gold was driven by increased vamping contractor fees (mainly due to greater production), higher payroll costs and electricity tariffs.

The ZAR2,153/t (2012:ZAR1,844/t) total cash costs per tonne milled of ZAR2,153/t increased by 16.7% as a result of increased volumes, mainly due to the additional supply of low grade surface tonnes. The average price received for the year was ZAR450,829/kg, resulting in Barberton Mines margin of ZAR229,405/kg or 50.9%. Keeping costs under control is a continuous exercise of monitoring expenditure and identifying cost-cutting opportunities that do not compromise safe operations.

Barberton Mines is not a member of the Chamber of Mines, allowing it to negotiate wage rates independently. Successful wage negotiations, albeit higher than the budget target, were conducted with the on-mine union representatives, and no industrial action occurred at the mine during the year. As a result of these negotiated wages, the mine's overall payroll costs increased by 16.1% during the year.

The employee incentive scheme was revised during the year, increasing the emphasis on safety targets, achieving production targets and increasing penalties for absenteeism. During the year, an absenteeism monitoring system was implemented where all employees returning from sick leave are counselled by human resources, to establish the reasons and validity of sick leave.

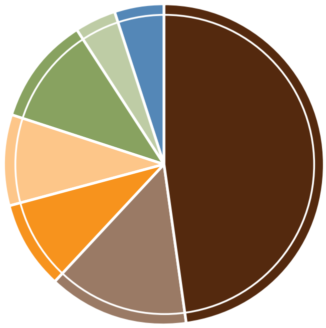
Total electricity costs increased by 15% to ZAR72.1 million (2012: ZAR62.8 million).

Barberton Mines invested more than ZAR2.7 million in training of its workforce during 2013, an increase of 173% on the corresponding 2012 figure.

Cost of production – current year

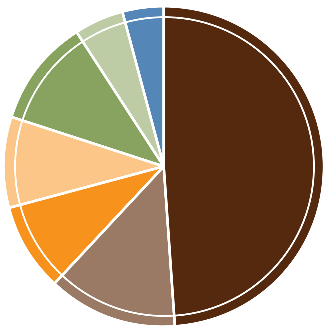
A graphic representation of the mines' cost of production appears below:

Cost of production current year
Year ended 30 June 2013 (%)



48	Salaries and wages	Totals:
14	Mining	ZAR660.7 million
9	Processing	R221,424/kg
9	Engineering & technical services	
11	Electricity	
4	Security	
5	Other	

Cost of production prior year
Year ended 30 June 2012 (%)



49	Salaries and wages	Totals:
13	Mining	ZAR566.0 million
9	Processing	R193,360/kg
9	Engineering & technical services	
11	Electricity	
5	Security	
4	Other	

The intelligence-driven approach to security in respect to illegal miners continues to pay dividends. The cost of security decreased by 12.9% to ZAR25.6 million (2012: ZAR29.4 million).

Efforts continued during the year to improve the living conditions of the workforce. Approximately 86% of the workforce reside with their families in the local community and surrounds and are paid a living-out allowance. The balance of employees live in mine-provided accommodation – 6% in single sex hostels and 8.2% in married accommodation.

The production goals for the Barberton Mines team in 2014 are clear:

- repeat 2013's gold production at a reasonable cash cost
- bringing the BTRP up to steady-state production, achieving its planned 20,000 oz per annum capacity

Risks

SA labour environment

Barberton Mines is not excluded from the current labour turmoil experienced by the South African mining industry. The rivalry for union dominance between the Association of Mineworkers and Construction Union (AMCU) and the National Union of Mineworkers (NUM) that is occurring in the industry also affects Barberton Mines. This is one of the biggest threats to the ongoing success of the mine. The relationship between labour and management is regulated by the Labour Relations Act, which requires management to enter into a recognition agreement with the majority union. Barberton Mines has recognition agreements with the NUM for Category 4-8 employees and the United Association of South Africa (UASA) representing the officials, artisans and miners.

Aged mining infrastructure

Fairview Mine, accountable for the majority of the gold production at Barberton Mines, has aged infrastructure that continually needs maintenance or replacement in order to operate successfully. The conditions of the shaft infrastructure at No. 2 and No. 3 declines were identified as a high-risk area more than a year ago, and a programme of refurbishment was implemented to ameliorate the risks. This programme is ongoing and capital to the amount of ZAR3.8 million (2012: ZAR2.6 million) has been spent for the financial year. As these declines are operating shafts, the refurbishments are conducted over weekends during off periods.

BTRP

Operation at a glance

Operation name	Barberton tailings Retreatment Plant Project
Parent and ownership percentage	Pan African Resources Resources PLC (100% attributable)
Holding company	Barberton Mines (Pty) Ltd (South African incorporated)
Country of operation	South Africa
Provincial jurisdiction	Mpumalanga
Number of employees	83
Number of contractors	264
Commodity being mined	Gold
Geological setting	Tailing dams situated at Fairview, New Consort and Sheba mines
Mining method	Hydro-mining of tailings dams
Extraction method	CIL
Name Plate Annual Production Capacity	
Tonnage (t)	1,200,000
Plant feed grade (g/t)	1.34
Forecast Gold produced (oz)	20,000 – 25,000
Cash cost	USD725/oz
Capital expenditure forecast	ZAR305 million
LOM	12 years

Setting the scene

As a consequence of successful metallurgical test work carried out on composite drill hole samples drilled during the previous financial year, the potential of retreating the Bramber tailings dam was assessed in a feasibility study on the proposed construction of a tailings retreatment plant at Fairview Mine. The viability of a retreatment plant was confirmed in an independent review by Venmyn Rand (Pty) Ltd.

Detailed engineering, process and flow design to treat approximately 1.2 Mt per annum was carried out by Basil Read Matomo.

When in full production, the BTRP will increase the annual production profile at Barberton Mines by 20,000 oz, to approximately 115,000 oz a year.

With a forecast cost structure of USD725/oz, this project falls well in line with the Company's strategy of developing low cost, high margin projects.

The LOM of the BTRP has been augmented by auger drilling on an additional 6 Mt of tailings at the Consort tailings dam, extending the life of the project from 6 to 12 years.

Final commissioning was completed in June 2013 and production build-up commenced. The commissioning of the BTRP project created 83 new jobs in the Barberton area.

Management team

Name	Age	Designation	Qualification	Experience
Casper Strydom	55	General Manager	National Higher Diploma Metalliferous Mining Mine Managers Certificate	36 years of mining-related experience
Jonathan Irons	47	Manager: Metallurgy	National Higher Diploma Extractive Metallurgy Programme for Management Development (GIBS – University of Pretoria) Competence levels include Refractory Gold Extraction Technologies – (Roasting and Hydrobiological)	25 years of metallurgy-related experience
Ruben Mathada	33	Plant Manager	BTech Metallurgy	11 years of metallurgy-related experience
Richard Kunneman	52	Engineering Manager	Government Certificate of Competency	24 years of engineering-related experience

BTRP project timeline

		2012						2013									
Plant construction	Progress	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October
Contract approval	Complete																
Process design	Complete																
Drawings and design	Complete																
Ground breaking ceremony	Complete																
Bulk earthworks	Complete																
Civil construction	Complete																
Mechanical/structural/electrical and instrumentation construction	Complete																
Commissioning/testing	In Progress																
Major infrastructure																	
Water reticulation	Complete																
Electrical reticulation (Eskom)	Complete																
Environmental impact assessment																	
EIA	Complete																
Water use licence amendment	Complete																
Tailings storage facility																	
Design	Complete																
Construction	Complete																

BTRP capital expenditure

Barberton Mines spent ZAR229.6 million in the current financial year (2012: ZAR43.3 million). The capital expenditure is related directly to the plant and tailings storage facility construction and excludes the purchase of Harper tailings and the associated land purchased in the prior year for ZAR12.1 million.

BTRP construction

	Prior year 30 June 2012 ZAR millions	Historical capital 12 months ended 30 June 2013 ZAR millions	Amount spent project to date ZAR millions	Forecasted capital Forecasted to completion costs ZAR millions	Total project forecast costs ZAR millions
Construction and infrastructure	42.8	185.4	228.2	10.8	239.0
Quantity surveying	–	1.9	1.9	0.7	2.6
Environmental	0.5	0.5	1.0	–	1.0
Tailings storage facility	–	41.8	41.8	20.6	62.4
Total	43.3	229.6	272.9	32.1	305.0

BTRP Life of Mine

The final stage of the BTRP was completed during June 2013. The first gold pour on 28 June 2013 was a success for the management team of Barberton Mines, who was responsible for bringing this value-adding mineral asset to fruition. The project was in time and within budget, testifying to excellent leadership in the project execution. The BTRP is expected to contribute an additional 20,000 oz of gold sold to the bottom line of Barberton Mines.

An additional inferred Mineral Resource has been identified which will possibly extend the life of mine to 12 years.

Mineral Resource

As at 30 June 2013 BTRP	Category	Tonnes (million)	Grade (g/t)	Contained gold Tonnes	Contained gold Moz
BTRP	Measured	–	–	–	–
	Indicated	7.28	1.50	11.23	0.36
	Inferred	9.72	1.20	11.58	0.36
	Total	17.00	1.30	22.81	0.72

Additional inferred resources include Camelot dump – 3.04 million tonnes and the Segalla dump – 6.67 million tonnes.

Mineral Reserve modifying factors

As at 30 June 2013 BTRP	Gold price (ZAR/kg)	Cut-off value (g/t Au)	Cut-off value (cmg/t)	Stoping width (cm)	Dilution (%)	MCF (%)	PRF (%)
BTRP	490,000	–	–	–	–	–	36

Mineral Reserve

As at 30 June 2013 BTRP	Category	Tonnes million	Grade g/t	Contained Gold Tonnes	Moz
BTRP	Proved	–	–	–	–
	Probable	7.28	0.56	4.07	0.13
	Total	7.28	0.56	4.07	0.13

The table below forms the keynotes to the sources of material that constitute the above Mineral Reserve.

Slimes dump	Tonnes	Grade (g/t)	Au content (kg)	Ounces (oz)
Fairview Bramber Low Grade	2,369,655	0.50	1,180	37,934
Fairview Bramber High Grade	758,496	1.59	1,206	38,770
Fairview Harper South	1,082,970	0.66	709	22,808
Fairview Harper North	2,693,250	0.24	656	21,093
Calcine Northern Segalla	378,861	0.83	314	10,109
Total	7,283,232	0.56	4,065	130,714

NB: Grade (g/t) in the above table indicates recovered grade.

Advanced infill drilling and metallurgical testwork was concluded during the year on the Calcine Northern Segalla slimes. The Calcine Northern Segalla tonnage increased by 30% from 290,000 tonnes (2012) to 378,861 tonnes with an attributable 10,109 oz at a recoverable grade of 0.83 g/t as shown in the table above.

EVANDER MINES

Operation at a glance

Operation name	Evander Mines
Parent and ownership percentage	Pan African Resources Resources PLC (100% attributable)
Company name	Evander Gold Mines
Country of operation	South Africa
Provincial jurisdiction	Mpumalanga
Number of employees	2,530
Number of contractors	608
Commodity being mined	Gold
Geological setting	Evander Mines exploits the Kimberley reef in the Evander basin of the Witwatersrand basin
Mining method	Underground conventional scraper mining, rail bound equipment, with some trackless mechanised development
Extraction method	CIL/CIP hybrid plant
Name Plate Annual Production Capacity	
Tonnage (t)	400,000
Head grade (g/t)	5.35
Gold produced (oz)	100,000
Cash cost	USD900/oz
Sustainable capital per annum	ZAR100 million
LOM	14 years

Setting the scene

Evander Mines was acquired from Harmony for a total net purchase consideration of ZAR1.313 billion. The transaction was effective from 1 March 2013, the date from which its results of operations have been consolidated by the Group. In terms of the sale agreement, cash generated by the mine between the date of signature and the effective date was applied to reduce the purchase consideration. A management agreement between the Group and Harmony is in place to ensure the efficient and effective transfer of the assets.

The Evander Mines operations comprise the operating Evander Mines No. 8 Shaft and several potential development projects – namely Rolspruit, Poplar, Evander South and Libra (a surface tailings storage facility), as well as the Kinross metallurgical processing plant and tailings storage facility. At the time of the acquisition, the total underground Resource was 28.74 Moz (109.55 Mt at 8.16 g/t) and Reserve 7.66 Moz (28.21 Mt at 8.45 g/t). Refer to the abridged Mineral Resource and Mineral Reserve report on page 67 for more details of Evander Mines' Mineral Resources and Mineral Reserves. The Evander Mines No 8 Shaft currently has an expected LOM of approximately 14 years, and is expected to produce approximately 95 koz of gold per annum.

The original Harmony-appointed management remained intact at Evander Mines, and is led by general manager Manny da Silva.

The management and directors are extremely pleased with this acquisition and its performance to date. The opportunities it presents for organic growth, and the current year's progress made by both the Evander Mines and head office teams in successfully incorporating it into the Group, are most satisfying.

Management team

Name	Age	Designation	Qualification	Experience
Manuel da Silva	43	General Manager	BSc Mining Engineering Mine Overseers Certificate of Competency Mine Managers Certificate of Competency	21 years mining-related experience
Marius Pelser	55	Mine Manager	Mine Overseers Certificate of Competency Mine Managers Certificate of Competency	37 years mining-related experience
Bernhard Georg Lindner	51	Manager: Engineering	National Higher Diploma Mechanical Engineering. Engineering Certificate of Competency	34 years mining-related experience
Walter Seymore	36	Manager: Mineral Resource	National Diploma in Geotechnology	14 years mining-related experience
Thabang Hlalele	36	Manager: Metallurgy	National Diploma in Chemical Engineering B-Tech Metallurgy	6 years mining-related experience
Nomathema Mabikwa	40	Manager: Finance and Administration	BCompt- Accounting Science IMDP – UCT	6 years mining-related experience
Craig Richard Le Court De Billot	44	Manager: Finance and Administration	BCompt (Hons)	19 years mining-related experience
Louis Gouws van Wyk	49	Manager: Human Resources	BA (Hons) Industrial Psychology	27 years mining-related experience

Operational performance

		2013[1]
Tonnes milled: underground	(t)	127,957
Tonnes milled: surface	(t)	74,428
Tonnes milled: total	(t)	202,385
Head grade: underground	(g/t)	7.8
Head grade: surface	(g/t)	1.2
Head grade: total	(g/t)	5.4
Recovered grade	(g/t)	5.1
Overall recovery	(%)	96
Production: underground	(oz)	31,522
Production: surface	(oz)	2,675
Gold sold	(oz)	34,197
Average price: spot	(R/kg)	412,641
Cash cost	(R/kg)	259,640
All-in sustaining cash cost	(R/kg)	303,790
All-in cash cost	(R/kg)	326,061
Total cash costs	(R/t)	1,365.6
Capital expenditure	(R millions)	62.4

Note 1: *Production and financial information relates to the four month period 1 March 2013 to 30 June 2013.*

EVANDER MINES
continued

Exploiting the orebody

During the four-month period under review, underground production was conducted through No 8 Shaft in the No 2 Decline area on 24 Level. All stoping was concentrated in the western side of the larger Kinross Payshoot. In the old mine, only one stope was mined, on 18 Level.

The mining plan for the development was to continue opening Reserves on 24 Level at North 1C and 1D, as well as developing the winzes down from 24 Level up to the fault to 25 Level. Capital was allocated to extending the new decline down to 25 Level, starting with infrastructure development, which is now underway. It is anticipated that the first raise will hole in August 2014.

Stoping was to follow the upside-down Christmas tree configuration in North 1A, 1B and 1C raise lines on 24 Level. Some stoping was also done at North 1D on 23 Level. In the last quarter, compressed air pressure levels were raised on 24 Level.

Mining and processing – challenges and achievements

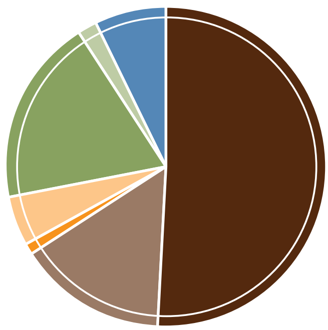
The most significant challenge faced at Evander Mines is the need to haul rock along 11 conveyors from the rockface to the bottom of No. 7 Shaft, where it is hoisted to surface. This requires extensive supervision and means mining relies on a single chain of infrastructural assets, with no mining flexibility should a failure in any component occur. However, the underground rock handling and ventilation infrastructure was upgraded by Harmony between 2011 and 2013, and the majority of this infrastructure is in good working condition.

There were no significant interruptions to mining operations during the year, although the No. 1 cooling plant performed below standard and several stoppages were necessitated by failure in major pieces of equipment. Despite these challenges, the operation achieved 93% of its targeted underground production tonnes. There were no incidents of industrial action or section 54 safety stoppages at Evander Mines.

Cost of production – current year

Despite projects to reduce energy consumption, Evander Mines' electricity bill increased by 17% during the year, due to tariff rate hikes. The cost of food provided to the hostels increased by 15%, well above the official inflation rate. Management has introduced various initiatives to manage costs.

Cash cost breakdown (excluding capex)
For 4 months ended 30 June 2013 (%)



51	Salaries	Totals:
15	Mining	£19.9 million
1	Processing	ZAR275.5 million
5	Engineering	USD915/oz
19	Electricity	
2	Security	
7	Other	

In total, ZAR0.16 million was invested in training the Evander Mines workforce during the four months ended 30 June 2013.

As at Barberton Mines, the management of absenteeism and sick leave remains a time-consuming function, necessary to ensure continuous, safe mining. Approximately 91 employees (3.6% of the workforce) were either sick or absent each working day. Evander Mines has introduced a wellness programme. Employees who abuse their sick leave are counselled by a social worker. If employees continue with this practice, disciplinary steps are taken.

As a former subsidiary of Harmony, a member of the Chamber of Mines, Evander Mines concluded a two-year wage agreement that expired in 2013. Under the terms of this agreement, employees received the following increases:

Categories 3 and 4:	10.0%
Categories 5 to 8:	8.5%
Miners/artisans and officials:	7.5%

Industrial action throughout the mining industry during October 2012 resulted in additional wage adjustments being made:

- Roll-up of Category 3 underground and surface employees to Category 4,
- creation of new operator categories,
- increase in rock drill operator allowances,
- 1.5% upward adjustment for Categories 5 to 8.

Evander Mines has two hostels with a total of 1,208 rooms, accommodating 1,435 employees in the Category 4 to 8 bargaining unit. A detailed action plan has been developed to meet the Mining Charter's requirement of one person per room by 2014. Block A, B and C family units at Musimuhle Village are being renovated to accommodate an additional 26 families.

Risk

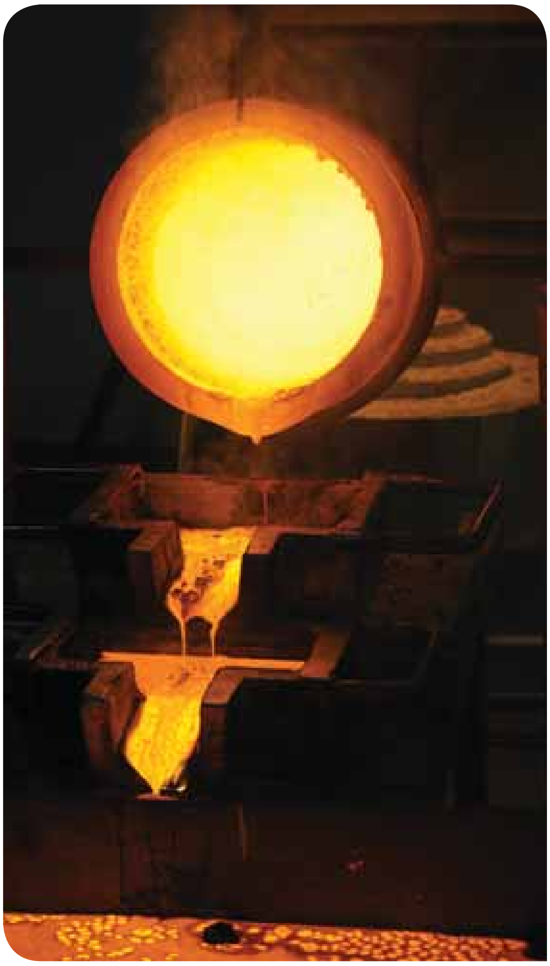
Mining activities moved into an area of lower gold grades during the year. The mining of this lower grade will continue until the first quarter of 2015. This lower grade cycle, together with the current lack of flexibility in mining operations, makes Evander Mines vulnerable to a falling gold price.

To mitigate this risk, management has identified the following initiatives for 2014:

- ETRP is at a pre-feasibility stage and indications are positive to move this project to a bankable stage in the following 3 to 6 months. Should the project be approved the ETRP will generate between 8,000 oz to 10,000 oz annually over the LOM.
- Increase sweeping and vamping operations throughout the current assets.
- Upgrade an autogenous mill to a ball mill in the second quarter of 2014, allowing for the processing of fine surface material. It is estimated that this mill will process the available material at a rate of 20,000 tonnes per month for 21 months.
- Re-open the No 3 Decline at No. 7 Shaft. This decline was closed by Harmony in 2009 as part of the mine's rationalisation. However, this decline has approximately 12 months of reserves at grades similar to those in No 8 Shaft. In addition, working this decline will provide access to the 2010 payshoot, an area of interest for further exploration.

The latter two initiatives, together with other potential value-adding projects, will require capital expenditure. Given the challenging times the industry finds itself in at present, management is conscious of the need to commit only to capital expenditure that provides quick returns, following a rigorous project evaluation.

Besides optimising Evander Mines current operations through the above short-term initiatives, 2014 will focus on evaluating and prioritising the larger, medium-term organic projects, as described in the abridged Mineral Resource and Mineral Reserve report on page 67.



PHOENIX PLATINUM

Operation at a glance

Operation name	Phoenix Platinum CTRP
Parent and ownership percentage	Pan African Resources Resources PLC (100% attributable)
Company name	Phoenix Platinum (Pty) Ltd (South African incorporated)
Country of operation	South Africa
Provincial jurisdiction	North west
Number of employees	4
Number of contractors	58
Commodity being mined	Platinum (61.2%), Palladium (18.7%), Rhodium (7.3%), Gold (0.3%), Ruthenium (8.6%) and Iridium (3.9%) (PGM 6Es)
Geological setting	Chrome tailings from ore mined from the MG1 and MG2 seams of the Bushveld Igneous Complex
Mining method	Current arisings tailings produced by IFM during its mining operation are delivered directly to the CTRP, in addition to material from old tailings dams
Extraction method	SMD bead milling and floatation (concentrate is delivered to Lonmin's Mooinooi Smelter for toll extraction)
Name Plate Annual Production Capacity	
Float feed tonnage (t)	240,000
Plant feed grade (g/t)	3.27
PGM 6E produced (oz)	12,000: Sulphide feedstock; 7,200: Oxide feedstock
Cash cost	USD855/oz
Sustainable capital per annum	ZAR2 million
LOM	20 years

Setting the scene

The chrome tailings retreatment plant (CTRP or Phoenix Platinum) was designed to treat sulphide material from International Ferrous Metals Limited's ('IFM') Lesedi Mine. IFM initially supplied Phoenix with sulphide-rich material from its Lesedi underground operations. However, IFM cut back drastically on operations at Lesedi in January 2012 and started mining oxidised material from an open cast section. This resulted in oxidised tailings being blended into the Phoenix feedstock.

The metallurgy of oxidised tailings negatively affects recovery and concentrate grade in the CTRP. This in turn results in poor PGM concentrate production. The oxide versus sulphide ratio has increased since beginning November 2012 and 100% oxide material is now being mined by IFM. The Group is currently exploring the expediting of an additional Tailings Storage Facility ('TSF') that will allow management at Phoenix to bypass oxidised tailings. Once the TSF is completed the Group will expect recoveries and revenue to increase significantly at this time.

Management team

Name	Age	Designation	Qualification	Experience
Bertin Mcleod	36	Plant Manager: Metallurgy	BTech: Chemical Engineering Management Development Certificate Senior Management Development Certificate	10 of platinum industry experience
Avinash Kandhai	31	Cost Accountant	BTech: Accounting	7 years of mining experience and eight years of financial experience
Phumzile Mokoena	25	Metallurgist	BTech: Chemical Engineering	1 year of metallurgy-related experience
John Martin	57	Plant Engineer	Diploma (T4): Electrical Engineering	25 years of engineering-related experience
Hendrik Snyman	39	Manager: Metanza	BEng Metallurgical (Extractive) Certificate in Business Management Certificate in Leadership Programme Professional Engineer	16 years of metallurgy-related experience
Hector Mapheto	32	Operations Manager: Metanza	BSc Eng Chemical Professional Engineer	7 years of metallurgy-related experience
Daniel Maponya	32	Site Manager: Fraser	National Diploma: Civil Engineering Mine Residue Deposits Certificate BTech: Engineering Water	4 years of tailings dams experience

Operational performance

		2013	2012[1]
Plant feed – Lesedi	(t)	16,216	58,185
Plant feed – IFM opencast	(t)	76,258	33,627
Plant feed – IFM toll	(t)	7.607	–
Plant feed – Buffelsfontein dumps	(t)	174,109	32,652
Head grade	(g/t)	3.68	4.16
Plant recovery	(%)	21	21
Chrome content in concentrate	(%)	2.20	2.49
Production and sales of PGM 4E	(oz)	6,480	3,474
Basket price received	(ZAR/oz)	9,093	7,499
Total cash costs	(ZAR/oz)	7,551	7,847
Total cash costs	(ZAR/t)	178	170
Capital expenditure	(ZAR millions)	2.2	81.9

Note 1: *Phoenix Platinum was fully commissioned for accounting purposes on 1 July 2012, therefore all associated revenues and costs were capitalised in the prior year.*

PHOENIX PLATINUM
continued

Mining and processing – challenges and achievements

To mitigate the effect of the highly oxidised feed source, the following actions have been implemented:

- The re-mining from surface tailings (the re-mining of sulphide-rich tailings discards that have been stored on the IFM tailings storage facility) was increased by 38% to compensate for the loss in recoverable ounces.
- To reduce the chrome content in the concentrate being supplied to Lonmin, a reagent (an oxide collector) was introduced into the CTRP floatation section. Excessive chrome content in the concentrate leads to chrome penalties from Lonmin.

The current CTRP tailings storage facility has limited capacity. A new long-term tailings storage facility has been designed and the necessary EIA and water usage licence applications have been submitted. This long-term facility will allow Phoenix Platinum to bypass any oxidised chrome tailings from IFM directly to the new site, thereby enabling more re-mining tonnages to be treated in the CTRP.

The effect of the increased re-mining tonnages and the oxide collector has led to improved recoveries at the CTRP, from 21% in 2012 to 26% in May 2013 and 29% in June 2013 respectively.

Cost of production – current year

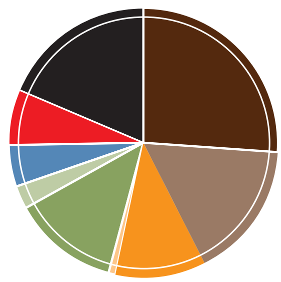
In this year, the electricity price increased by 8% and wage increases impacted on the cost per ounce and the cost per tonne processed. To manage these unit costs, management targeted additional material for processing through the plant, and further ramping up of volumes will continue in 2014.

Various laboratory tests were conducted to reduce chrome fees charged by Lonmin, and a new reagent was introduced to the process, reducing the chrome fees by nearly 50%. In addition, local suppliers were sourced to supply consumables previously obtained from overseas suppliers, with prices linked to South Africa's CPI.

Costs were well contained. Re-mining costs were reduced by 5.9% to ZAR3.2 million (2012: ZAR3.4 million).

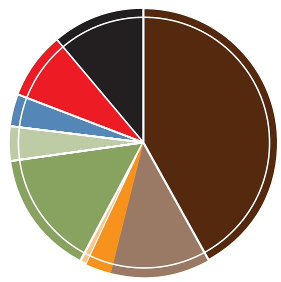
To improve efficiencies, a training shift was introduced, dedicated to improving employees' know-how and safety awareness. In addition, Saturday work hours were introduced for the engineering team to reduce plant downtime.

Cash cost breakdown (excluding capex)
Year ended 30 June 2013 (%)



27	Labour cost	Totals:
17	Site production cost	£3.5 million
11	Tailings cost	ZAR48.9 million
1	Transport and Lab cost	ZAR7,550/oz
13	Consumables	
3	Indirect site cost	
5	Admin cost	
7	Electricity and utilities	
16	Refinery fees	

Cash cost breakdown (excluding capex)
Year ended 30 June 2012 (%)



27	Labour cost	Totals:
17	Site production cost	£2.2 million
11	Tailings cost	ZAR27.3 million
1	Transport and Lab cost	ZAR7,847/oz
13	Consumables	
3	Indirect site cost	
5	Admin cost	
7	Electricity and utilities	
16	Refinery fees	

Note: *Phoenix Platinum was fully commissioned for accounting purposes on 1 July 2012, therefore all associated revenues and costs were capitalised in the prior year.*

Only six shifts were lost in the past year due to absenteeism and sick leave.

Salary scales in the Rustenburg/Brits mining region were benchmarked and employee salaries adjusted accordingly. The current workforce is not unionised.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT

Scope of report

The following abridged information has been extracted from the Mineral Resource and Mineral Reserve Report 2013, which is available at http://www.panafricanresources.com. The Mineral Resource and Mineral Reserve Report 2013 is a key component of the Pan African Resources suite of 2013 annual reports produced to record the Group's performance regarding its finances, operations and sustainability activities for the year ended 30 June 2013.

This report conforms to the standards described by the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2007 edition). Pan African Resources asserts its legal entitlement to the Mineral Resources and Reserves reported on here.

The Mineral Resource is inclusive of the Mineral Reserve component. Information is presented either by operation, mine or project. The following tables and graphs are used to illustrate developments across operations of Pan African Resources, during the 2013 financial year:

- Resource and reserve tables by Group, mine and project.
- Development sampling results.
- Year-on-year reconciliation of the Group Mineral Resource and Mineral Reserve.

Note: The rounding of numbers in the abridged Mineral Resources and Mineral Reserves report may result in minor computational discrepancies.

Group Mineral Resource and Reserve strategy

Pan African Resources intends to realise its vision through the strategic acquisition and development of precious metal assets close to or in production, that:

- Are profitable – significant grade margin and a low cash cost profile.
- Are sustainable – a long production life.
- Show growth – potential to grow organically.
- Benefit stakeholders – a significant socio-economic win.

Pan African Resources' Mineral Resource Management (MRM) philosophy is that a detailed understanding of the mineral asset undoubtedly contributes to its optimal extraction. From this standpoint, it is clear that the 'orebody dictates' through its various characteristics and, when aligned effectively to the business model, can yield significant returns.

Profitable – Pan African Resources' mineral assets are located in geological terrains that are described as world-class quality mineral assets with high grade and significant tonnage profiles. Barberton Mines is located in the Barberton Greenstone Belt, a unique ancient geological setting that hosts economic shear gold that is among the most consistent high grade gold deposits globally (2013: 9.64 g/t recovered grade). Evander Mines is located in the Witwatersrand Basin, the world's most renowned gold-producing region. Evander Mines is one of the substantial, remaining Mineral Resources that is untapped in the basin (2013: 31.61 Moz Mineral Resource and 8.01 Moz Mineral Reserve). The Phoenix Platinum operation re-treats tailings from ore derived from the famous Bushveld Igneous Complex, the largest mineral resource of PGMs in the world.

Within the accepted MRM framework of survey, geology, resource estimation and mine planning, functions on the operations are focused towards maximising and optimising the value of the residing mineral assets. The key operational focus is to integrate all intellectual capital and technical data to enhance the Mineral Resource confidence in relation to volume and grade. Efficient and effective LOM plans are designed to execute mining methods that are safe and low cost. The low cost base allows the orebody to be extracted at optimal cut-off grades to yield the desired financial margins.

Group Mineral Resource – gold ↑ 496%.

Group Mineral Reserve – gold ↑ 693%.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

Sustainable – MRM at Barberton Mines, Evander Mines and Phoenix Platinum has the strategic role of applying best practices in identifying, optimising and realising the value of the mineral asset through converting it from an initial inferred Resource at the exploration phase through to a proved Reserve at the production stage, and ultimately to a saleable product. The diligent application of this methodology allows for greenfield, brownfield, near mine and organic growth projects to be realised and economic value added to deliver a sustainable business model, see figure below.

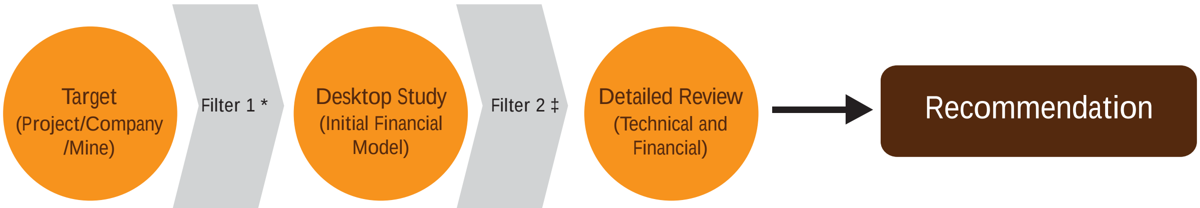
Growth – Pan African Resources strives to create value by growing its major asset – the Mineral Resource and Mineral Reserve of the Company. This drive is based on an active acquisition strategy, a well-defined exploration programme, innovation in both geological/Resource modelling, optimal mine planning, and continual optimisation of the asset portfolio.

The acquisition of Evander Mines has propelled Pan African Resources into a mid-tier status. The Group has increased its mineral asset significantly, as outlined in this report. The mineral assets of Evander Mines comprise an operating mine and a set of organic and brownfield projects – ETRP, Evander Mines No 7 Shaft No 3 Decline, Rolspruit, Evander South, Poplar and Libra – that are at an advanced confidence and economic value, see figure on page 69. This enables Pan African Resources to grow organically and sustainably, benefiting all stakeholders.

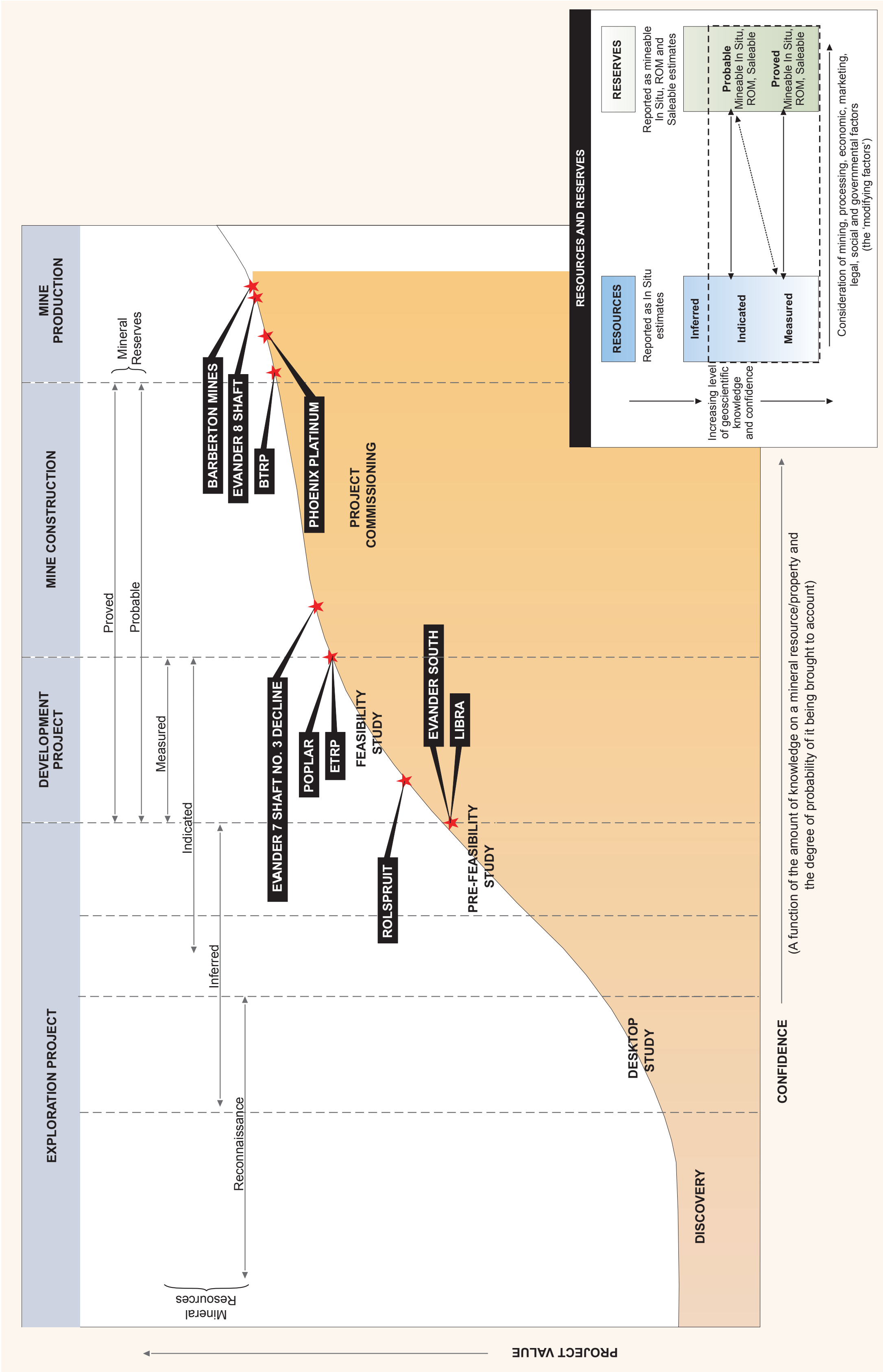
The successful commissioning of the BTRP in June 2013 is a testament to the leadership at Pan African Resources in creating value from its mineral assets. This organic growth project will add 20,000 oz/annum of production ounces.

Stakeholder – Pan African Resources is pleased to note that there were no production stoppages due to labour issues during the year under review. This had a positive impact on realising the targeted grade tonnage profiles for each of the operations, resulting in excellent quantities of ounces being produced.

The Group is committed to complying with the MPRDA and achieving the objectives of the Mining Charter. In this regard, it continues to engage with stakeholders, both within and outside the Group.



* Filter 1: Type/size/grade of onebody; economic/political risk; infrastructure/services.
‡ Filter 2: NPV; IRR; other financial parameters.



COMPANY OVERVIEW
LEADERSHIP STATEMENTS
OUR BUSINESS PHILOSOPHY
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CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

Group Mineral Resource – gold

The total Mineral Resource for the Group increased from 5.89 Moz in June 2012 to 35.13 Moz in June 2013 – a gross annual increase of 29.24 Moz or 496%. Of this, 3.52 Moz can be attributed to Barberton Mines and a significant 31.61 Moz can be attributed to the acquisition of Evander Mines.

As at 30 June 2013		Tonnes	Grade	Contained gold	
Pan African Resources	Category	(million)	(g/t)	tonnes	Moz
Mineral Resource	Measured	6.78	10.58	68.27	2.19
	Indicated	273.39	2.38	655.10	21.06
	Inferred	56.94	6.04	369.36	11.88
Pan African Resources	Total	337.11	3.10	1,092.73	35.13

Barberton Mines' Mineral Resources had a positive variance of 574,164 oz contained gold. This was a result of the addition of new Resources from an aggressive exploration strategy at each of the operating mines and the inclusion of Segalla and Camelot slimes dams into the Mineral Resource.

Group Mineral Reserve – gold

Pan African Resources' Mineral Reserve increased from 1.16 Moz in June 2012 to 9.20 Moz in June 2013 – a gross annual increase of 8.04 Moz, and a 693% increase. Of this, 1.18 Moz can be attributed to Barberton Mines, while the acquisition of Evander Mines contributed 8.02 Moz.

As at 30 June 2013		Tonnes	Grade	Contained gold	
Pan African Resources	Category	(million)	(g/t)	tonnes	Moz
Mineral Reserve					
	Proved	4.42	6.98	29.03	0.93
	Probable	75.39	3.23	256.95	8.27
Pan African Resources	Total	79.81	3.43	285.98	9.20

Barberton Mines had a positive variance of 18,547 oz. Mining depletion accounted for 87,128 oz..

Group Mineral Resource Table PGM 4E

The Group's total Mineral Resource PGM 4E increased from 0.49 Moz in June 2012 to 0.68 Moz in June 2013 - a gross annual increase of 0.19 Moz, and a 39% increase. Of this, 0.16 Moz can be attributed to IFM Reserves (2012).

As at 30 June 2013 Pan African Resources	Category	Tonnes (million)	Grade (g/t)	PGM 4E tonnes	 Moz
Mineral Resource	Measured	2.00	2.68	5.23	0.17
	Indicated	3.40	3.57	12.22	0.39
	Inferred	1.10	3.37	3.85	0.12
Pan African Resources	Total	6.50	3.27	21.30	0.68

Group Mineral Reserve Table PGM 4E

Pan African Resources Resources' Mineral Reserve PGM 4E increased from 0.18 Moz in June 2012 to 0.25 Moz in June 2013 – a gross annual increase of 0.07 Moz, and a 39% increase. This significant increase can be attributed to the IFM Proven and Probable Reserves (2012) for Lesedi Mine.

As at 30 June 2013 Pan African Resources	Category	Tonnes (million)	Grade (g/t)	PGM 4E tonnes	 Moz
Mineral Reserve	Proved	1.96	1.21	2.36	0.07
	Probable	3.42	1.61	5.50	0.18
Pan African Resources	Total	5.38	1.46	7.86	0.25

Group organic growth

Extensive exploration drilling was conducted during the year, focusing on defining the geometries of the various orebodies on each mine. This geo-scientific knowledge assisted in increasing the confidence of the mineral resource, and thus supported the LOM plans and the Company's business plan. A well-designed mine plan for accessing and developing the orebody – outlined in the tables below, resulted in significant gold attributed ounces to the mineral resource for the year.

Exploring the orebody – exploration drilling

Operation	Total metres	Number of boreholes	Average channel width (cm)	No. of intersections above cut off	Average grade (g/t)	Total expenditure (ZARm)
Barberton Mines	16,937	191	110	95	19.58	5. 87
Evander Mines	1,803	22	63	4	32.62	1.65
Phoenix Platinum	–	–	–	–	–	–

Accessing the orebody – on-reef development

Operation	Total on-reef development (m)	Average grade (g/t)
Barberton Mines	2 128,5	6.92
Evander Mines	1 333,0	56.44
Phoenix Platinum	–	–

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

Developing the orebody – capital ore Reserve projects: Barberton Mines

Project	Y/E 30 June 2013 (m)	Y/E 30 June 2012 (m)	Y/E 30 June 2011 (m)	Potential Resource target (oz)
Sheba – pillar development	317			2,006
Sheba – Edwin Bray to Thomas and Joe's Luck area	102	303	491	17,000
Fairview –11 Level Royal reef	0.1			14,821
Fairview – 1# ore Reserve opening	179			1,600
Fairview – No 3 Shaft deepening	228	109	149	278,000
Fairview – 62 Level	601			
Consort – 40 Level	252.2	267	34	10,000
Consort – 50 Level Decline West	150	197	123	26,000
Consort – MMR pillar development	129.4			(new target area)

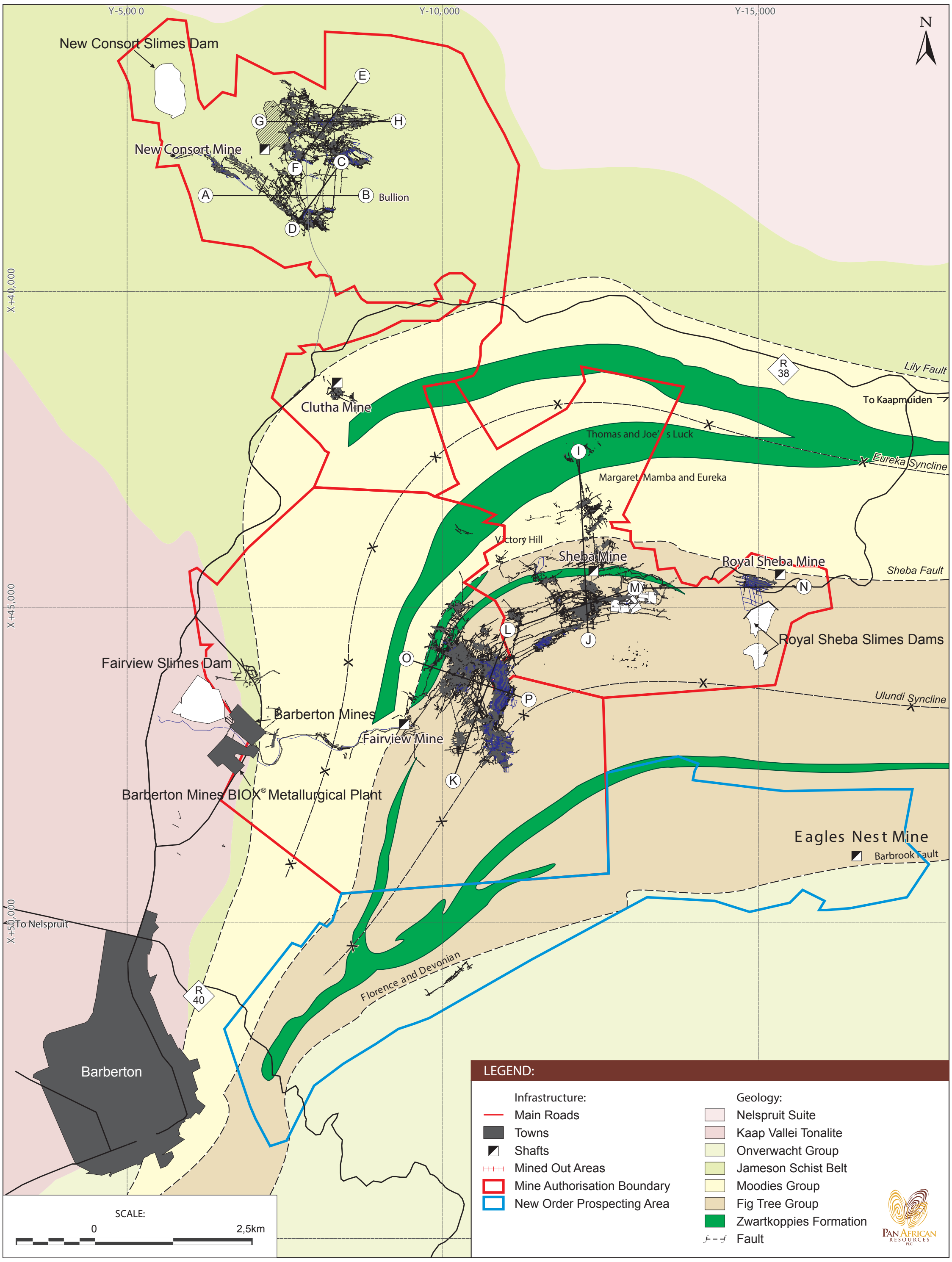
Capital Ore Reserve Projects: Evander Mines

Project	Y/E 30 June 2013 (m)	Y/E 30 June 2012 (m)	Y/E 30 June 2011 (m)	Potential Resource target (oz)
2 decline 24-25 level	554	778	201	1,200,000
25 A block ventilation	124	0	0	

Barberton Mines

Barberton Mines is situated in the Magisterial District of Barberton, Mpumalanga, Republic of South Africa, some 370 km east of Johannesburg and 47 km south-east of Nelspruit. The mineralisation at Barberton Mines is classified as Achaean epigenetic hydrothermal lode gold deposits within a granite greenstone terrain. The grade and the structure in the ore shoots are highly erratic in nature and most of the data for evaluating Resource blocks are derived from development adjacent to the mining blocks and from the position of the present mining areas. The tectonic structure and orebody geometry are modelled using the Lynx orebody modelling system.

Barberton Mines has continued with the application of semi-mechanised cut and fill mining method. The mineral rights pertaining to Barberton Mines were issued by the DMR in terms of Item 7 of Schedule II of the Minerals and Petroleum Resources Development Act, 2002 (No 28 of 2002) (MPRDA). Mineral rights to Barberton Mines comprise of three separate mining rights for the three different mining operations. All three operations' old order rights were converted to the sole and exclusive "new order" right to mine on 28 April 2011.



Geology of Barberton.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

Mineral Resource table – Barberton Mines

		Mineral Resource at 30 June 2013			
Operations	Classification	tonnes	g/t	kg	oz
Sheba	Measured	1,001,200	7.52	7,530	242,083
	Indicated	1,575,200	5.31	8,360	268,791
	Inferred	1,850,000	4.70	8,703	279,796
	Total	4,426,300	5.56	24,593	790,671
Consort	Measured	385,900	8.67	3,347	107,593
	Indicated	184,800	11.58	2,139	68,766
	Inferred	279,100	8.99	2,508	80,629
	Total	849,800	9.41	7,993	256,988
Fairview	Measured	1,813,000	7.76	14,076	452,559
	Indicated	896,100	18.70	16,755	538,693
	Inferred	956,400	19.65	18,798	604,353
	Total	3,665,600	13.54	49,629	1,595,605
Total mines	Measured	3,200,200	7.80	24,952	802,235
	Indicated	2,656,100	10.26	27,254	876,251
	Inferred	3,085,500	9.73	30,008	964,779
	Total	8,941,700	9.19	82,215	2,643,264
Slimes dumps	Measured	–	–	–	–
	Indicated	7,283,200	1.54	11,227	360,946
	Inferred	11,138,600	1.20	13,392	430,548
	Total	18,421,800	1.27	24,619	791,548
Surface ore	Total	192,300	1.79	344	11,057
Outside sections	Measured	–	–	–	–
	Indicated	214,300	6.19	1,327	42,664
	Inferred	183,100	5.69	1,042	33,511
	Total	397,400	5.96	2,369	76,176
Total Barberton Mines	Measured	3,200,200	7.80	24,952	802,235
	Indicated	10,345,900	3.88	40,152	1,290,917
	Inferred	14,407,200	3.08	44,442	1,428,838
	Total	27,953,300	3.92	109,546	3,521,990

Mineral Reserve table – Barberton Mines

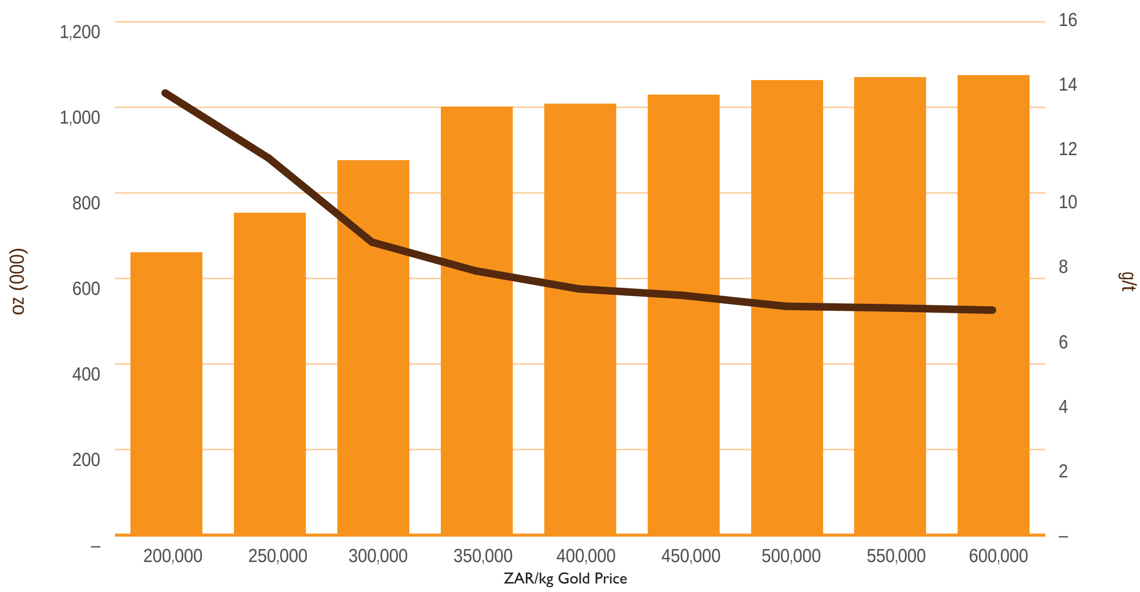
		Mineral Reserve at 30 June 2013			
Operations	Classification	tonnes	g/t	kg	oz
Sheba	Proved	529,500	6.52	3,450	110,934
	Probable	1,562,700	4.27	6,676	214,626
	Total	2,092,200	4.84	10,126	325,560
Consort	Proved	89,700	7.83	702	22,562
	Probable	149,000	7.71	1,149	36,943
	Total	238,600	7.76	1,851	59,505
Fairview	Proved	1,132,900	6.29	7,126	229,115
	Probable	917,400	14.50	13,302	427,664
	Total	2,050,200	9.96	20,428	656,779
Total mines	Proved	1,752,100	6.44	11,278	362,612
	Probable	2,629,100	8.04	21,127	679,233
	Total	4,381,000	7.40	32,405	1,041,845
Slimes dumps	Probable	7,283,000	0.56	4,066	130,714
Surface ore	Probable	153,800	1.16	179	5,752
Total Barberton Mines	Proved	1,752,000	6.44	11,278	362,612
	Probable	10,066,100	2.52	25,371	815,699
	Total	11,818,200	3.10	36,650	1,178,311

As at 30 June 2013, Barberton Mines reported a Mineral Reserve of 1,178,311 oz and Mineral Resource of 3,521,990 oz contained gold.The measured and indicated Mineral Resources are inclusive of those Resources modified to produce the Mineral Reserves. Reserves are reported as mill-delivered tonnes at the grade recovered, having duly considered all modifying factors.

The report date for Resources and Reserves was moved from end March to end June, to bring it in line with Evander Mines' reporting cycle and the Group's year end.

The graph below illustrates Mineral Reserve sensitivities to a changing gold price.

Mineral Reserve sensitivities Barberton



oz (000)	661	754	876	1,001	1,009	1,030	1,064	1,070	1,075
g/t (Reserve grade)	13.77	11.75	9.14	8.25	7.69	7.49	7.15	7.10	7.03

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

Competent person

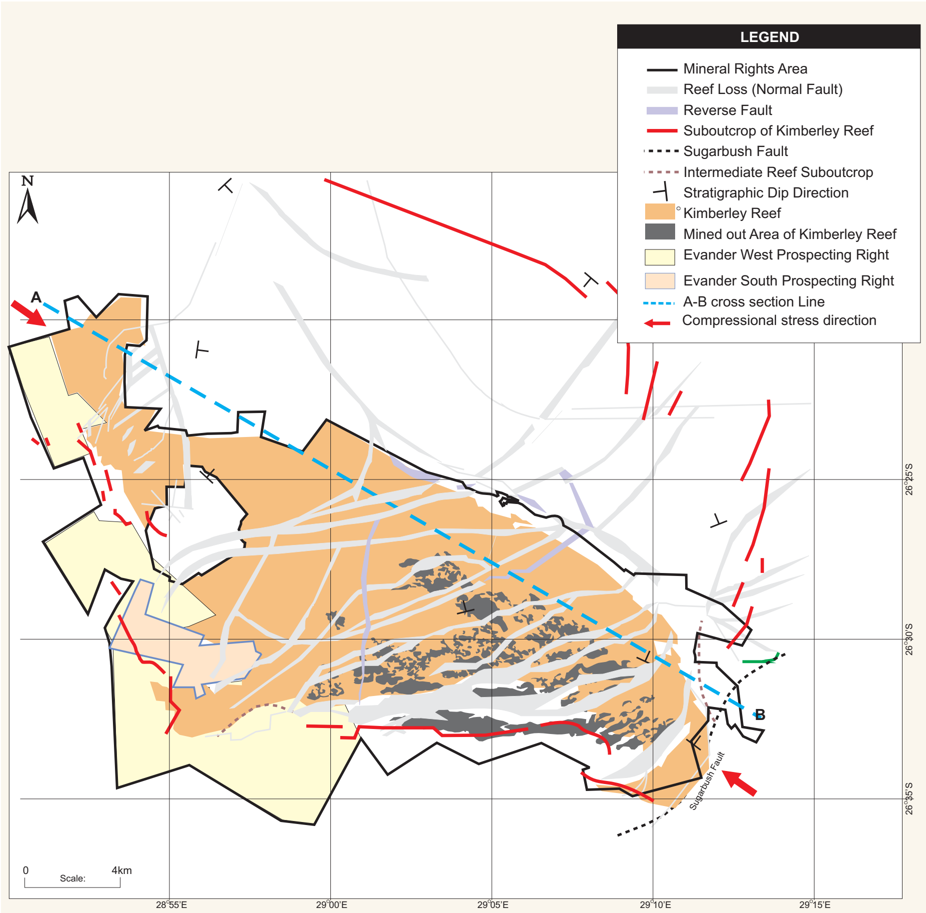
Frans Chadwick, the Chief Surveyor at Barberton Mines, signs off the Mineral Resources for Barberton Mines. He is a member of the South African Council for Professional and Technical Surveyors (PLATO) (PMS0033). He is based at Fairview Mine, GMO Building, Barberton, 1300.

Evander Mines

Evander Mines is located approximately 120 km south-east from Johannesburg in Mpumalanga Province. Evander Mines' mineral asset comprises a set of Mineral Resources ranging from early prefeasibility studies to a production mine. The current revenue streams for Evander Mines are generated from the Evander Mines No 8 Shaft and surface sources. The principal economical horizon mined at Evander Mines is the Kimberley Reef, which was deposited in the Witwatersrand sedimentary basin, ca 2,300 million years ago. Evander Mines No 8 Shaft is situated in the distal part of the Evander Basin. The Kimberley Reef is the only economical horizon that is mined and is developed as the Kinross Payshoot, illustrated in Figure 4 below.

Evander Mines No. 8 Shaft mining method is footwall development to reef horizon and then developing on reef horizon (raise). The mining follows an upside-down Christmas tree sequence to extract the reef horizon. Old areas of the mine are also cleaned up by means of vamping activities.

The mineral rights pertaining to Evander Mines were issued by the DMR in terms of Item 7 of Schedule II of the MPRDA, and were registered on 15 October 2010.



Geology at Evander Mines depicting the Kinross Payshoot.

Mineral Resource table – Evander Mines

		Mineral Resource 30 June 2013			
Operations	Classification	tonnes	g/t	kg	oz
Evander Mines No 8 Shaft	Measured	2,565,437	14.06	36,083	1,160,000
	Indicated	2,687,695	15.56	41,808	1,344,000
	Inferred	11,386,966	10.23	116,489	3,745,000
	Total	16,640,099	11.68	194,380	6,249,000
Evander Mines surface sources	Measured	290,160	0.94	274	9,000
	Indicated	46,186	0.76	35	1,000
	Inferred	161,880	0.93	150	5,000
	Total	498,226	0.92	459	15,000
Evander Mines No 7 Shaft (vamping)	Measured	67,550	3.29	222	7,000
	Indicated	–	–	–	–
	Inferred	–	–	–	–
	Total	67,550	3.29	222	7,000
Evander Mines No 7 Shaft No 3 Decline	Measured	653,447	10.30	6,733	216,000
	Indicated	567,640	9.15	5,195	167,000
	Inferred	5,540,222	10.78	59,736	1,921,000
	Total	6,761,309	10.60	71,664	2,304,000
Libra (ETRP incl.)	Measured	–	–	–	–
	Indicated	202,909,694	0.29	59,004	1,897,000
	Inferred	–	–	–	–
	Total	202,909,694	0.29	59,004	1,897,000
Rolspruit	Measured	–	–	–	–
	Indicated	24,533,910	10.89	267,227	8,592,000
	Inferred	937,985	9.17	8,599	276,000
	Total	25,471,895	10.83	275,826	8,868,000
Poplar	Measured	–	–	–	–
	Indicated	18,739,880	7.16	134,214	4,315,000
	Inferred	9,776,663,	6.22	60,773	1,954,000
	Total	28,516,543	6.84	194,987	6,269,000
Evander South	Measured	–	–	–	–
	Indicated	13,557,535	7.93	107,466	3,455,000
	Inferred	14,728,265	5.37	79,157	2,545,000
	Total	28,285,799	6.60	186,623	6,000,000
Total Evander Mines	Measured	3,576,294	12.11	43,312	1,392,000
	Indicated	263,042,540	2.34	614,949	19,771,000
	Inferred	42,531,982	7.64	324,905	10,446,000
	Total	309,151,115	3.18	983,167	31,609,000

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT

continued

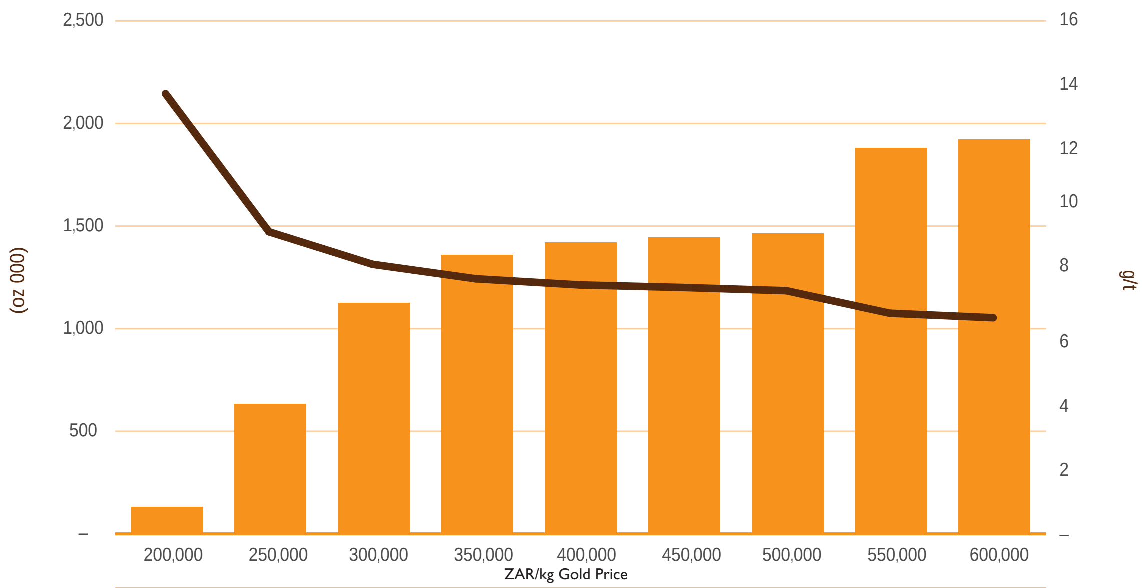
Mineral Reserve table – Evander Mines

Operations	Classification	Mineral Reserve at 30 June 2013 tonnes	g/t	kg	oz
Evander Mines No 8 Shaft	Proved	2,347,199	7.37	17,300	556,000
	Probable	2,345,485	7.61	17,860	574,000
	Total	4,692,685	7.49	35,161	1,130,000
Evander Mines surface sources	Proved	256,000	1.02	261	8,000
	Probable	–	–	–	–
	Total	256,000	1.02	261	8,000
Evander Mines No 7 Shaft (vamping)	Proved	67,550	2.80	189	6,000
	Probable	–	–	–	–
	Total	67,550	2.80	189	6,000
Libra (ETRP incl.)	Proved	–	–	–	–
	Probable	39,615,959	0.32	12,713	409,000,
	Total	39,615,959	0.32	12,713	409,000
Rolspruit	Proved	–	–	–	–
	Probable	23,362,565	8.60	201,006	6,462,000
	Total	23,362,595	8.60	201,006	6,462,000
Total Evander Mines	Proved	2,670,749	6.65	17,750	570,000
	Probable	65,324,009	3.55	231,580	7,445,000
	Total	67,994,759	3.67	249,330	8,015,000

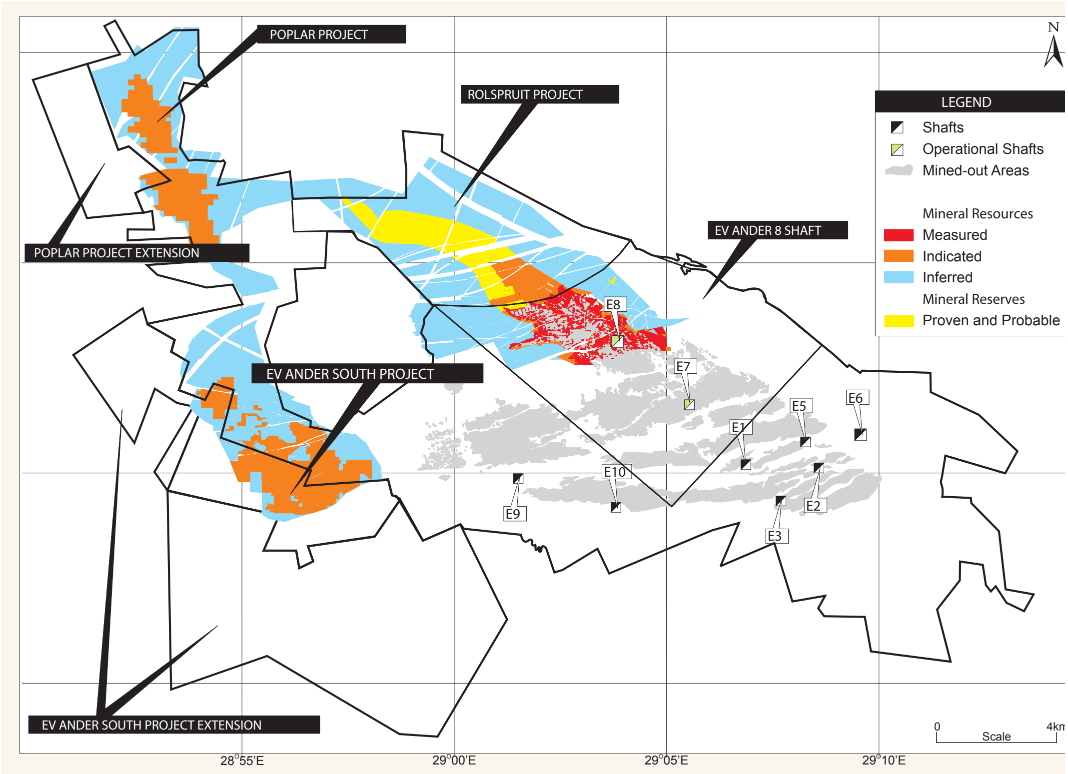
As at 30 June 2013, Evander Mines reported a Mineral Reserve of 8,015,000 oz and Mineral Resource of 31,609,000 oz contained gold. The measured and indicated Mineral Resources are inclusive of those Resources modified to produce the Mineral Reserves. Reserves are reported as mill-delivered tonnes at the head grade, having duly considered all modifying factors.

The graph below illustrates Mineral Reserve sensitivities to a changing gold price.

Mineral Reserve sensitivities Evander No. 8 Shaft



oz (000)	131.83	631.96	1,126.24	1,358.96	1,419.70	1,443.40	1,464.63	1,880.81	1,922.26
g/t (Reserve grade)	13.72	9.43	8.42	7.97	7.78	7.70	7.61	6.90	6.76



Map illustrating Evander projects.

Competent person

The competent person for Evander Mines, Barry Naicker, the Group Mineral Resource Manager, signs off the Mineral Resources for Evander Mines. He is a member of the South African Council for Scientific Professions (400234/10). He has a Master's degree in mineral resource management from Witwatersrand University and a Bachelor of Science (Honours) in economic geology. He has 12 years of experience in economic geology and mineral resource management.

He is based at First Floor, The Firs, cnr Cradock Avenue and Biermann Avenue, Rosebank, 2196, Gauteng.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT

continued

Group mineral inventory reconciliation (gold) year-on-year

Resource table (Au)	Resource at June 2012				Resource at June 2013				+/– variance				% variance year-on-year			
	Mt	g/t	t Au	Moz	Mt	g/t	t Au	Moz	Mt	g/t	t Au	Moz	Mt	g/t	t Au	Moz
Measured	14.76	3.13	46.17	1.48	6.78	10.58	68.27	2.19	(7.98)	(2.77)	22.1	0.71	(54.1)	(88.5)	47.9	48.0
Indicated	23.02	2.68	61.72	1.98	273.39	2.38	655.10	21.06	250.37	2.37	593.38	19.08	1,087.6	88.4	961.4	963.6
Inferred	29.91	2.51	75.01	2.42	56.94	6.04	369.36	11.88	27.03	10.89	294.35	9.46	90.4	433.9	392.4	390.9
Total	67.7	2.7	182.9	5.89	337.11	3.10	1,092.73	35.13	269.41	3.38	909.83	29.24	397.9	125.1	497.4	496.4

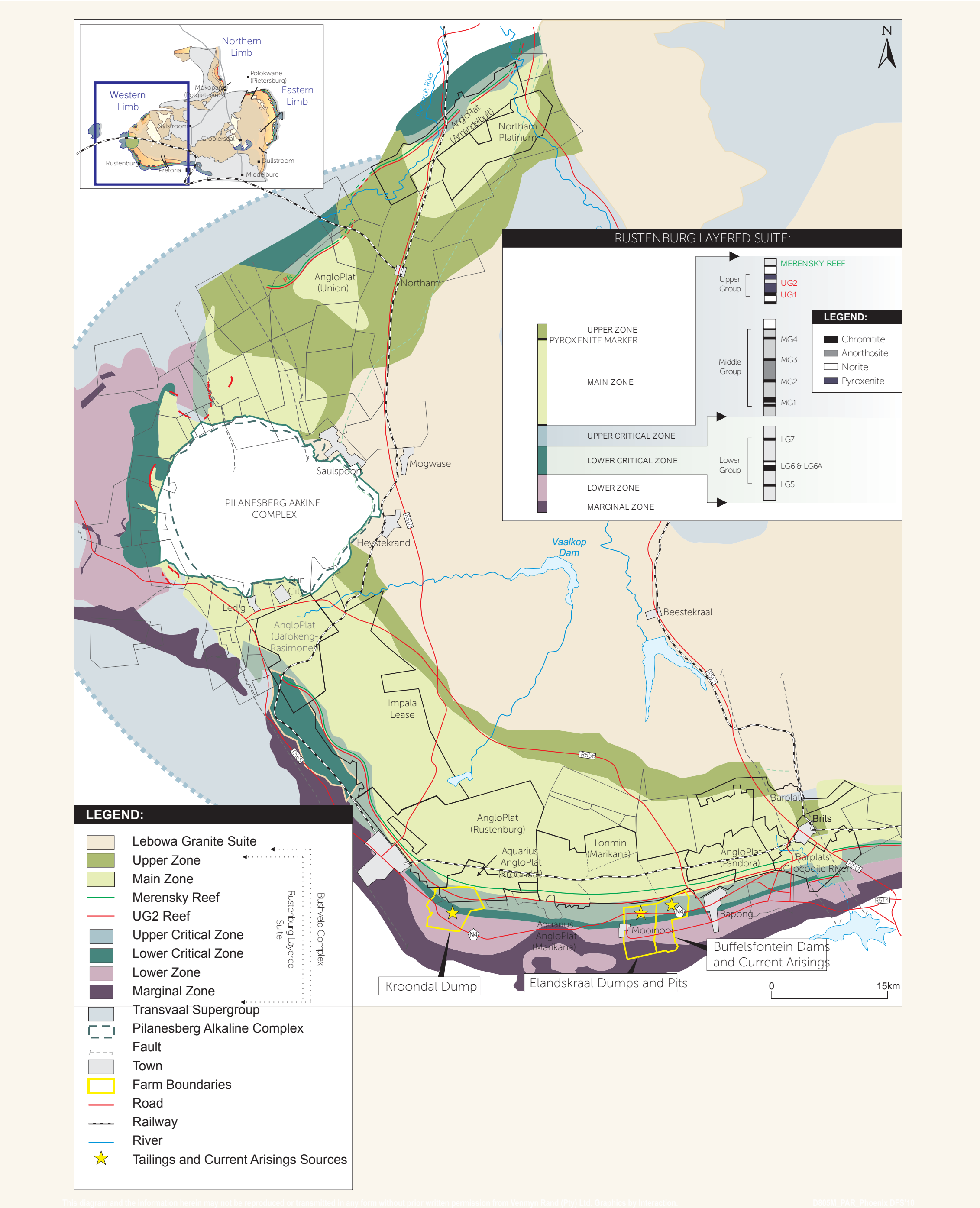
Reserve table (Au)	Reserve at June 2012				Reserve at June 2013				+/– variance				% variance year-on-year			
	Mt	g/t	t Au	Moz	Mt	g/t	t Au	Moz	Mt	g/t	t Au	Moz	Mt	g/t	t Au	Moz
Proved	1.57	7.49	11.73	0.38	4.42	6.98	29.03	0.93	2.85	6.07	17.30	0.55	181.50	81.00	147.50	144.70
Probable	9.77	2.49	24.34	0.78	75.39	3.23	256.95	8.27	65.62	3.54	232.61	7.49	671.60	142.40	955.70	960.30
Total	11.34	3.18	36.07	1.16	79.81	3.43	285.98	9.20	68.47	3.65	249.91	8.04	603.80	114.80	692.80	693.10

* *Manica Mineral Resource & Mineral Reserve was not included in the Mineral Resource and Mineral Reserve 2013 Report.*

Phoenix Platinum

The concept of recovering the PGM 6Es from tailings was pioneered by Phoenix Platinum through an antecedent company GB Mining (Pty) Ltd which, together with Aquarius Platinum Limited, built the RK1 floatation plant in the Kroondal area.

Pan African Resources acquired 100% of Phoenix Platinum from Metorex on 21 May 2009. Phoenix Platinum recovers PGM 6Es from old tailings and current arisings through mineral rights agreements from the IFM Lesedi Mine dams and current arisings, the Elandskraal dumps and pits, and the Kroondal dump. These tailings are covered through various agreements with Phoenix Platinum to be the feed source for a 240 ktpa CTRP.



Geology of the Western limb of the Bushveld Complex.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

The Buffelsfontein, Elandskraal and Kroondal Mineral Resource originates from the mining of the chromitite layers of the Bushveld Igneous Complex. The chromitite layers in the western limb of the Bushveld Igneous Complex are confined to the critical zone of the layered complex and are grouped from the bottom upwards, into lower, middle and upper groups.

The middle group consists of four chromitite seams of which the sixth seam, numbered from bottom (MG1) to top (MG4) is being mined. The mining that took place at Elandskraal and at Buffelsfontein (IFM Lesedi Mine) are from the MG1 and MG2 seams. The MG1 seams sits in the Lower Critical Zone of the Bushveld Complex, whereas MG2 is in the Upper Critical Zone of the Bushveld Complex.

Mineral Resource table – Phoenix Platinum

		Mineral Resource at 30 June 2013			
Operations	Classification	tonnes	g/t	kg	oz
Buffelsfontein tailings dams	Measured	494,000	3.66	1,808	58,130
	Indicated	–	–	–	–
	Inferred	274,000	2.72	745	23,961
	Total	768,000	3.38	2,553	82,091
Buffelsfontein current arisings	Measured	–	–	–	–
	Indicated	3,230,000	3.66	11,822	380,079
	Inferred	826,000	3.66	3,023	97,197
	Total	4,056,000	3.66	14,845	477,276
Total Buffelsfontein	Measured	494,000	3.66	1,808	58,130
	Indicated	3,230,000	3.66	11,822	380,079
	Inferred	1,100,000	3.43	3,768	121,158
	Total	4,824,000	3.61	17,398	559,367
Elandskraal	Measured	1,149,000	2.45	2,815	90,506
	Indicated	145,000	2.04	295	9,510
	Inferred	42,000	2.00	84	2,701
	Total	1,336,000	2.39	3,194	102,717
Kroondal	Measured	316,000	2.00	632	20,319
	Indicated	50,000	2.00	100	3,215
	Inferred	–	–	–	–
	Total	366,000	2.00	732	23,534
Total Phoenix Platinum	Measured	1,959,000	2.68	5,255	168,952
	Indicated	3,425,000	3.57	12,218	392,817
	Inferred	1,142,000	3.37	3,852	123,844
	Total	6,526,000	3.27	21,325	685,614

Mineral Reserve table – Phoenix Platinum

Operations	Classification	Mineral Reserve at 30 June 2013 tonnes	g/t	kg	oz
Buffelsfontein tailings dams	Proved	494,000	1.65	814	26,158
	Probable	–	–	–	–
	Total	494,000	1.65	814	26,158
Buffelsfontein current arisings	Proved	–	–	–	–
	Probable	3,230,000	1.65	5,320	171,036
	Total	3,230,000	1.65	5,320	171,036
Total Buffelsfontein	Proved	494,000	1.65	814	26,158
	Probable	3,230,000	1.65	5,320	171,036
	Total	3,724,000	1.65	6,133	197,194
Elandskraal	Proved	1,149,000	1.10	1,267	40,728
	Probable	145,000	0.92	133	4,280
	Total	1,294,000	1.08	1,400	45,007
Kroondal	Proved	316,000	0.90	284	9,144
	Probable	50,000	0.90	45	1,447
	Total	366,000	0.90	329	10,590
Total Phoenix Platinum	Proved	1,959,000	1.21	2,365	76,030
	Probable	3,425,000	1.61	5,498	176,762
	Total	5,384,000	1.46	7,863	252,792

Group mineral inventory reconciliation (PGM 4E) – year-on-year

Resource table	Resource at June 2012				Resource at June 2013				+/– variance				% variance year-on-year			
(PGM 4E)	Mt	g/t	t PGM	Moz	Mt	g/t	t PGM	Moz	Mt	g/t	t PGM	Moz	Mt	g/t	t PGM	Moz
Measured	3.22	3.09	9.98	0.32	2.00	2.68	5.23	0.17	(1.22)	3.89	(4.75)	(0.15)	(37.90)	126.00	(47.60)	(46.90)
Indicated	0.83	3.25	2.68	0.09	3.40	3.57	12.22	0.39	2.57	3.71	9.54	0.30	309.60	114.20	356.00	333.30
Inferred	0.80	3.33	2.67	0.09	1.10	3.37	3.85	0.12	0.30	3.93	1.18	0.03	37.50	118.10	44.20	33.30
Total	4.85	3.16	15.33	0.49	6.50	3.27	21.30	0.68	1.65	3.62	5.97	0.19	34.00	114.50	38.90	38.80

Reserve table	Resource at June 2012				Reserve at June 2013				+/– variance				% variance year-on-year			
(PGM 4E)	Mt	g/t	t PGM	Moz	Mt	g/t	t PGM	Moz	Mt	g/t	t PGM	Moz	Mt	g/t	t PGM	Moz
Proved	3.22	1.39	4.49	0.14	1.96	1.21	2.36	0.07	(1.26)	1.69	(2.13)	(0.07)	(39.10)	121.60	(47.40)	(50.00)
Probable	0.83	1.46	1.21	0.04	3.42	1.61	5.50	0.18	2.59	1.66	4.29	0.14	312.00	113.50	354.50	350.00
Total	4.05	1.41	5.70	0.18	5.38	1.46	7.86	0.25	1.33	1.62	2.16	0.07	32.80	115.20	37.90	38.90

Competent person

The competent person for Phoenix Platinum, Barry Naicker, the Group Mineral Resource Manager, signs off the Mineral Resources for Phoenix Platinum. He is a member of the South African Council for Scientific Professions (400234/10). He has a Master's degree in mineral resource management from Witwatersrand University and a Bachelor of Science (Honours) in economic geology. He has 12 years of experience in economic geology and mineral resource management.

He is based at First Floor, The Firs, cnr Cradock Avenue and Biermann Avenue, Rosebank, 2196, Gauteng.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT

continued

Pan African Resources uses the SAMREC Code, which sets out the internationally recognised procedures and standards for reporting Mineral Resources and Mineral Reserves in South Africa. This code was developed by the South African Institute of Mining and Metallurgy and is the recommended guideline for Reserve and Resource reporting for companies listed on the JSE Limited. In reporting Resources and Reserves, distinct cognisance has also been taken to comply with AIM Rules for Mining and Oil and Gas Companies of the London Stock Exchange.

Definitions as per the SAMREC Code

The definitions of Mineral Resource and Mineral Reserve, as contained in the 2007 edition of the SAMREC Code, are as follows:

A 'Mineral Resource' is a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must so be reported, in order of increasing confidence in respect of geo-scientific evidence, into Inferred, Indicated or Measured categories.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with only a low level of confidence. It is inferred from geological evidence and sampling and assumed but not verified geologically or through analysis of grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited in scope or of uncertain quality and reliability.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological or grade continuity but are spaced closely enough for continuity to be assumed.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

A 'Mineral Reserve' is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and a Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

A 'Probable Mineral Reserve' is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It is estimated with a lower level of confidence than a Proved Mineral Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A 'Proved Mineral Reserve' is the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

Pan African Resources' reporting in compliance with SAMREC

To meet the requirements of the SAMREC Code that the material reported as a Mineral Resource should have "reasonable and realistic prospects for eventual economic extraction", Pan African Resources has determined an appropriate cut-off grade, which has been applied to the quantified mineralised body according to a process incorporating a long-term view on future economic modifying factors. In applying this process, Pan African Resources uses a gold price of ZAR550,000/kg to derive a cut-off grade to determine the Mineral Resources at each of its underground operations.

Barberton Mines employs a weighted arithmetic mean and an inverse distance estimation technique, while Evander Mines uses a kriging estimation method to create an estimated grade model. The in-house developed Mineral Resource optimiser tool was applied to the Mineral Resource inventory. At the underground mines, this is done by defining the optimal cut-off as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised.

The Mineral Resource is converted to Mineral Reserve, using the modifying factors listed below. Cut-off grades are determined using the optimiser programme.

- The database inventory of all Mineral Resource blocks,
- an assumed gold price – ZAR490,000/kg,
- planned production rates for each mine,
- mine call factor (MCF),
- plant recovery,
- planned cash operating costs and other efficiency factors are calculated using historical achievements as a baseline.

The Mineral Reserves represent that portion of the measured and indicated Resources above cut-off in the LOM plan and have been estimated after consideration of the factors affecting extraction, including mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. A range of disciplines, including geology, survey, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management, has been involved at each mine in the LOM planning process and the conversion of Resources into Reserves.

The modifying factors related to the ore flow that are used to convert the Mineral Resources to Mineral Reserves through the LOM planning process are stated for each shaft in the Mineral Resource and Mineral Reserve Report 2013. For these factors, historical information was used.

Phoenix Platinum and BTRP are optimised on a 100% extraction plan on their Mineral Reserves. No selectivity is applied on tonnages, and thus no cut-off grades are determined. Modifying factors for these projects are detailed in the Mineral Resource and Mineral Reserve Report 2013.

SUSTAINABILITY REVIEW

Ensuring a healthy and safe workplace

The full sustainability report can be found on the Company website, www.panafricanresources.com.

Approach

We consider safe and healthy working conditions to be vital to the sustainability of our operations, and we are committed to fostering an environment where employees at all levels are empowered and engage freely around safety, health, environment, quality and community (SHEQC) matters. During the past year, we have updated the Group's SHEQC Charter and Policy to reflect our ongoing objectives of zero injuries and continually improving the culture of health and safety at our operations.

In terms of this charter, we strive for world-class health and safety performance and aim to prevent all incidents and accidents at our operations in a reasonably practicable manner. We also strive to minimise hazards inherent in the working environment.

Specifically, the Occupational Health and Safety Policy embedded in the charter commits Pan African Resources to:

- Continually improving occupational health and safety performance through the setting and achievement of goals,
- providing a working environment that is conducive to good health and safety,
- managing risks in the workplace and ensuring that there is adequate surveillance of workplaces and employees,
- complying with applicable legal requirements and with other requirements to which the organisation subscribes; in the absence of relevant occupational health and safety laws, the Company will apply best practice standards and procedures,
- ensuring that appropriate resources, training and personal protective equipment are provided to improve occupational health and safety,
- ensuring that employees and contractors have the relevant skills to perform work-related tasks in a safe manner and that they are aware of their individual health and safety obligations and rights.

Employees and contractors working at our operations play an essential role in achieving occupational health and safety objectives through:

- Taking ownership of, and participating in, occupational health and safety management programmes and initiatives and complying with standards and procedures,
- exercising their right to work in a healthy and safe environment and their responsibility to withdraw from an unhealthy or dangerous situation.

All Pan African Resources operations comply with the Mine Health and Safety Act (Act 29 of 1996).

The year in numbers

Consolidated performance figures are not presented due to the acquisition of Evander Mines, which has only four months effective reporting within the Group. Please refer to the GRI content index on our website www.panafricanresources.com for relevant figures.

Safety

A constant awareness of and commitment to safety underpins all our operations. We are committed to implementing and complying with legal and other safety requirements, and continually work towards world-class health and safety standards for all our employees.

It is with regret that we have to report two fatalities which occurred at Barberton Mines. On 17 November 2012, a truck left the road, overturned and rolled down a hill at Sheba Mine, fatally injuring the driver. On 7 March 2013, a welder was fatally electrocuted whilst working underground. The board and management of Pan African Resources extend their deepest condolences to the family, friends and colleagues of Gert Fourie and Velly Malumane.

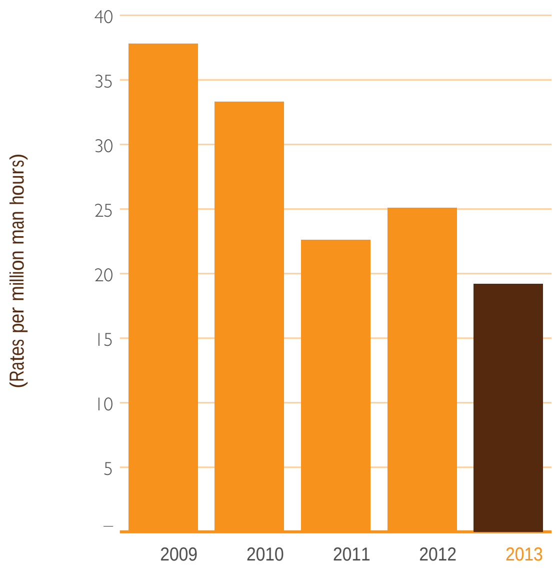
Subsequent to these accidents, employees were counselled and engaged as to possible causes and remedial actions to prevent similar accidents happening in the future. To encourage them to work safe, each employee, supervisor and manager also signed a commitment pledge.

Barberton Mines regrets to report two fatalities at its Barberton Mines operation during July 2013.

Barberton Mines

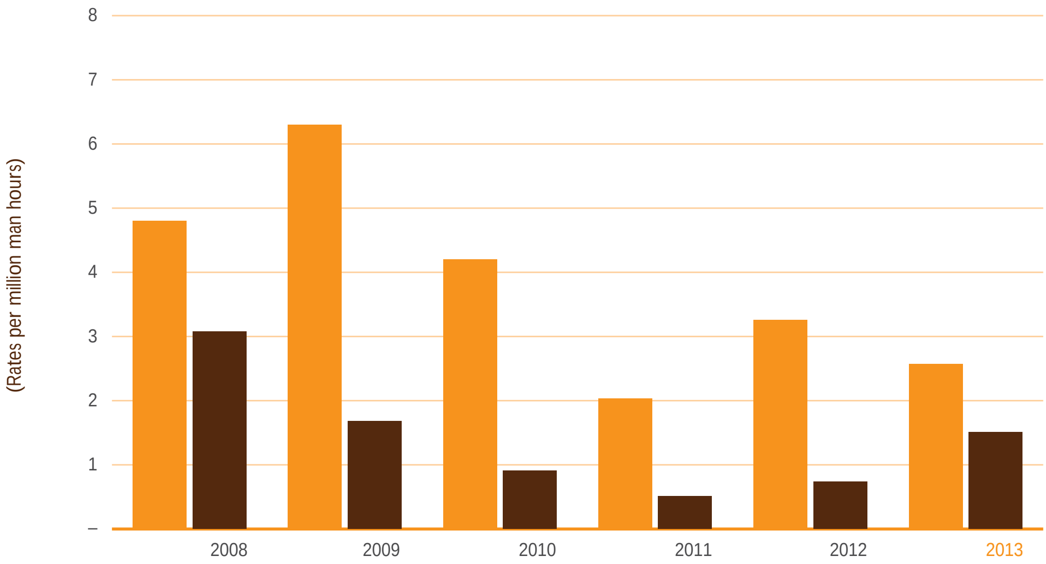
In the 2013 financial year, Barberton Mines' total recordable injury frequency rate (TRIFR) improved from 25.10 to 19.22 per million man hours worked, and the lost time injury frequency rate (LTIFR) improved from 3.26 to 2.57 per million man hours worked. Due to two fatalities at the operation, the reportable injury frequency rate (RIFR) has shown a regression from 0.74 to 1.51 per million man hours worked.

Barberton Mines Total-recordable injury frequency rate



	2009	2010	2011	2012	2013
Total recordable injury frequency rate	37.80	33.30	22.60	25.10	19.22

Barberton Mines – LTIFR and RIFR



	2008	2009	2010	2011	2012	2013
LTIFR	4.80	6.30	4.20	2.03	3.26	2.57
RIFR	3.08	1.68	0.91	0.51	0.74	1.51

SUSTAINABILITY
REVIEW (continued)

Barberton Mines – Fatality injury frequency rate

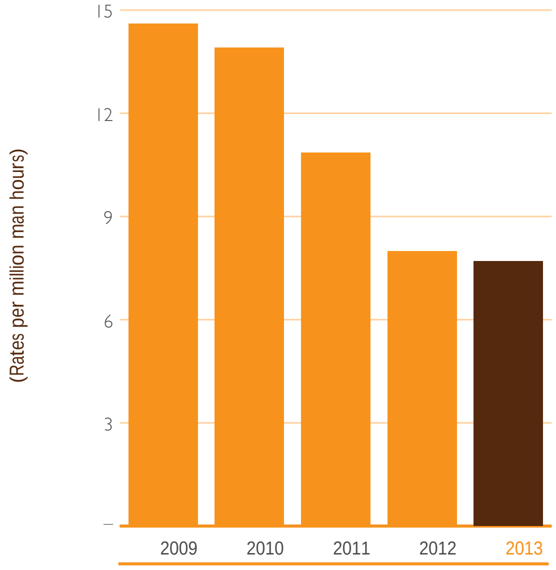
	12 Months ended 2009	12 Months ended 2010	12 Months ended 2011	12 Months ended 2012	12 Months ended 2013
Fatal Injury Frequency Rate (rate per million man hours worked)	–	0.18	–	0.18	0.30

Evander Mines

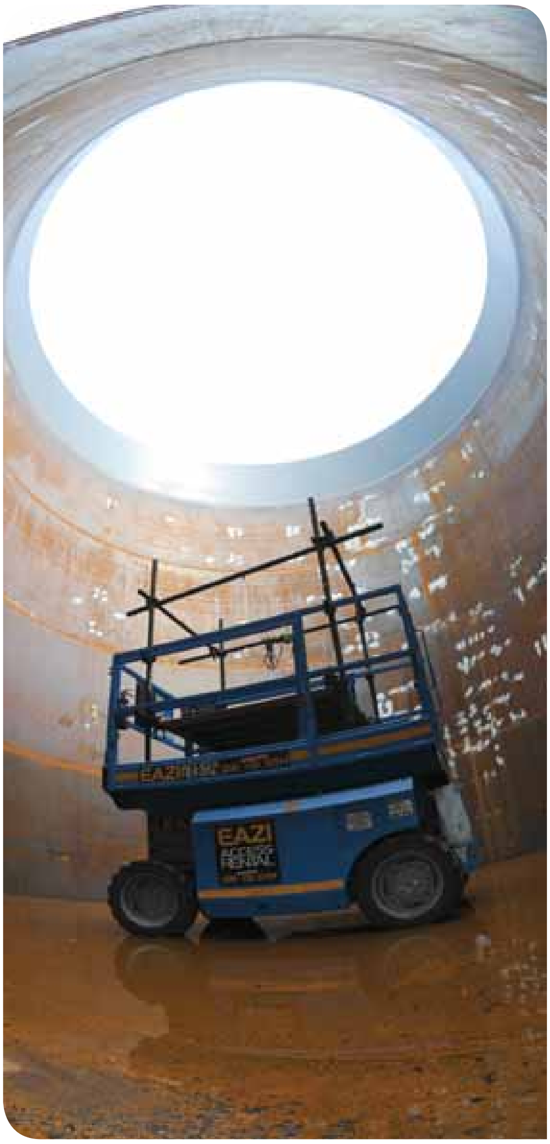
With Pan African Resources only managing Evander Mines for the last four months of the period under review, it is not possible to consolidate annual safety statistics. However, Evander Mines' five-year safety record is presented.

Evander Mines' TRIFR improved from 7.99 to 7.70 per million man hours worked. The LTIFR has shown a vast improvement from 4.00 to 2.90 per million man hours worked, and its RIFR has improved from 3.07 to 1.70 per million man hours worked.

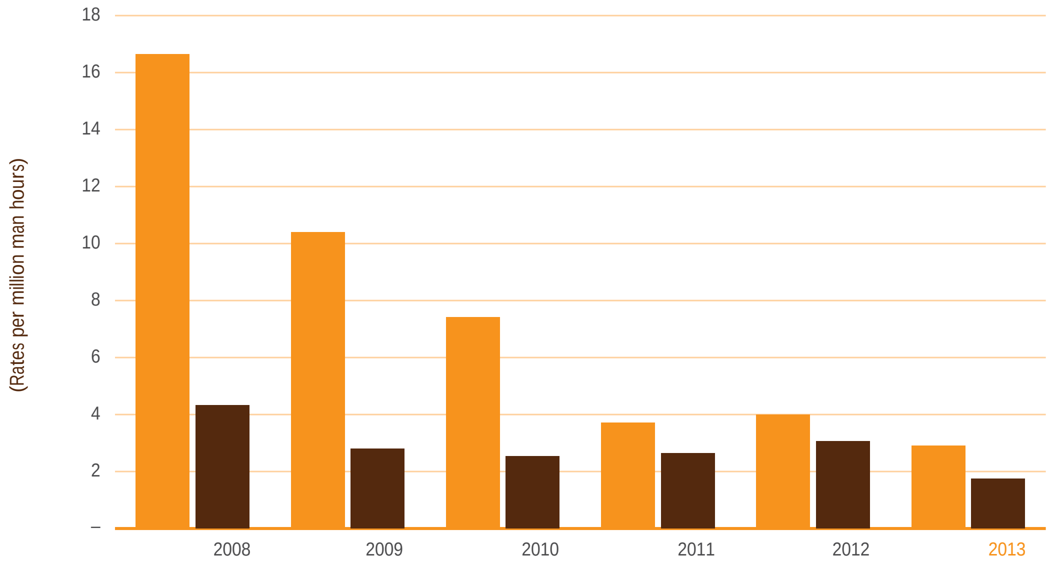
Evander Mines Total recordable injury frequency rate



	2009	2010	2011	2012	2013
Total recordable injury frequency rate	14.60	13.91	10.86	7.99	7.70



Evander Mines – LTIFR and RIFR



	2008	2009	2010	2011	2012	2013
LTIFR	16.64	10.39	7.41	3.72	4.00	2.90
RIFR	4.33	2.80	2.54	2.64	3.07	1.74

Phoenix Platinum

Phoenix Platinum recorded a zero LTIFR and RIFR for the reporting year – a sound demonstration of our zero tolerance safety record.

The Phoenix Platinum team strives to eliminate potential hazards, thus ensuring a safe workplace for its employees by constantly mitigating day-to-day operational risks, communicating identified challenges and training accordingly, and through visible leadership.

General

Apart from the challenges of improving and maintaining safety at our operations, following the Evander Mines' acquisition the board restructured the corporate office, among other things by appointing Mandla Ndlozi as Group SHEQC Manager to drive and standardise safety programmes across the Group operations.

We continue to pursue improvements in the health and safety of our workforce, and review our procedures regularly as part of our focus on a behavioural-based safety approach. An example of this is Evander Mines' Vuka Sizwe safety programme, which is now entering its third phase of implementation.

A major initiative at our operations is a fall-of-ground identification system that concentrates on early morning examinations by the teams and, if necessary, triggers an action response programme.

Key safety efforts and achievements

Evander Mines

The metallurgical plant achieved 365 white flag (injury-free) days on 13 June 2013.

Phoenix Platinum

The operation recorded no lost time or recordable injuries in the 2013 financial year. A significant milestone of two years without any lost time or reportable injuries was realised.

CORPORATE GOVERNANCE

The governance of our business

Stakeholder engagement and our response

The management of risk

Remuneration – rewarding effort

THE GOVERNANCE OF OUR BUSINESS

Approach

The board of directors recognises that corporate governance is essential to protect the interests of all stakeholders. It remains committed to compliance with all legal requirements and the application of sound corporate governance principles.

The board of directors ensures that the business of the Group is conducted with openness, integrity and accountability.

Statement of compliance

Pan African Resources complies with the UK Companies Act, AIM rules and the JSE Listings Requirements.

The board of directors acknowledges the valuable contribution that the application of the King Code of Governance for South Africa, 2009 (King III) has with regard to good corporate governance. Wherever practical, the board of directors applies the recommendations contained within King III. In the Company's 2012 Annual Report, the board of directors identified five areas where it believed it was deficient with regard to the application of the King III principles, and has worked hard to rectify these shortcomings. To formalise the management of its application of King III, the Company has adopted the Institute of Directors of South Africa (IoDSA) Governance Assessment Instrument (GAI), allowing for the maintenance of a register of its progress in applying the principles of King III and the Listings Requirements of the JSE Limited.

The IoDSA, GAI register can be found on the Company's website (www.panafricanresources.com).

The overall score rating as per the GAI was AAA, highligting the highest application of King III.

The Group complies with the mandatory principles of King III: in terms of paragraph 3.84 of the JSE Listings Requirements.

Structures

The Pan African Resources board has a unitary structure, comprising three independent non-executive directors, two non-executive directors and two executive directors. The Chairman of the board is an independent non-executive director.

According to the Company's Articles of Association, the board may consist of not less than four and not more than eight members. At the end of the financial year under review, the board consisted of six members, details of whom appear on page 14. The board is required to meet at least once every quarter in terms of the Company's Articles of Association.

On 28 February 2013, Jan Nelson resigned from the board and as Chief Executive Officer (CEO) to pursue other opportunities. Cobus Loots and Ron Holding were appointed as Joint Interim CEOs, with effect from 1 March 2013. Ron Holding was appointed to the board on 9 September 2013 as the CEO and Cobus Loots as the Financial director with effect from 1 October 2013. Busi Sitole resigned as the Financial director with effect from 30 September 2013.

The Board Charter details the manner in which business is to be conducted by the board in accordance with the principles of sound corporate governance, and is reviewed by the board on an annual basis. A copy of the Board Charter is available from the Group Company Secretary on request.

In accordance with the Company's Articles of Association, a director appointed since the last annual general meeting (AGM) is required to be re-elected at the next AGM of the Company. The appointment of directors is a formal and transparent process and is a matter for the entire board, assisted by the nominations committee, which is tasked with identifying and recommending directors who will add the appropriate balance of skills and experience to the board. In addition, the Articles of Association require that at least one third of the directors are subject to retirement by rotation every year. The nominations committee, having assessed the performance of those directors who are due for re-election, makes a formal recommendation for re-election to the board and shareholders. In this regard, the nominations committee, having concluded its assessment, recommends the re-election of the retiring directors, as detailed in the Notice of the AGM on page 163.

On appointment, all directors are provided with information aimed at broadening their understanding of their fiduciary duties and responsibilities, the regulatory, statutory and governance framework, the Group, and the business environment and markets in which it operates. All directors are expected to keep abreast of changes and trends in the Group's business and markets.

The role of non-executive directors, who are independent of management, are to protect shareholders' interests, including those of minority shareholders. Non-executive directors are also responsible for ensuring that individual directors or groups of directors are subject to appropriate scrutiny in their decision-making.

The roles of the chairman of the board and the CEO are kept separate.

Through the board Chairman and the Group Company Secretary, the directors have access, at all reasonable times, to all relevant Company information and to senior management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions. Directors are also allowed to obtain independent professional advice for the furtherance of their duties, if necessary, at the Company's expense, subject to prior notification to the board Chairman or Company Secretary and in line with the Group's procurement policies.

St James' Corporate Services Limited has been the Group's Company Secretary since 8 July 2008. The Group Company Secretary provides a central source of advice to the board on ensuring compliance procedures and regulations of a statutory nature. In addition to the Group Company Secretary's statutory and other duties, it provides the board as a whole, directors individually and the committees with guidance as to the manner in which their responsibilities should be discharged in the best interests of the Company. The appointment and removal of the Group Company Secretary is a matter for the board as a whole.

One Capital is, in accordance with the Listings Requirements of the JSE Limited, the Company's appointed sponsor. One Capital is responsible for ensuring that the Company is at all times guided and advised as to the application of the Listings Requirements of the JSE Limited.

Cannacord Genuity is the Company's nominated adviser (NOMAD) and joint broker, together with finnCap Limited in the UK. The duty of the NOMAD and joint broker is to advise the Group on compliance concerning the AIM Rules and continuing obligations as an AIM quoted company.

The board has established various committees, on which non-executive directors play important roles. Terms of reference are in place for all these committees, and these were reviewed during the year. The terms of reference of the committees are available from the Group Company Secretary on request. All committees are chaired by independent non-executive directors except for the Remuneration Committee. The formation of these committees does not in any way absolve the board of its overall responsibility to the shareholders and the Company. As such, each committee is required to report back to the board at each board meeting.

In addition to regularly attending board and board committee meetings, the executive directors and senior management review both the mining operations and the exploration projects on a formal basis each month. This includes a detailed review of technical and financial parameters, as well as capital requirements and expenditure.

All parameters are measured against the strategic plans, and any variations are discussed and action plans put in place to rectify such deviations. Investment and technical decisions form part of the board's responsibilities.

Details of the membership of the board and committees, attendance at meetings, and a summary of responsibilities are set out in the table below.

Element of governance structure	Roles and responsibilities	Members	Attendance at meetings
Pan African Resources board	The board remains the focal point of the Company's corporate governance system, and is ultimately accountable and responsible for the key governance process and the sustainable growth, performance and affairs of the Company. The board's purpose is to ensure that it retains full and effective control over the Company that it directs and controls, by ensuring that management is guided by established goals and strategies. Busi Sitole, the financial director, was on maternity leave from 1 February 2013 until 1 June 2013. Neal Reynolds was the acting Financial director during Busi Sitole's maternity leave of four months. Busi Sitole resigned with effect from 30 September 2013 to focus on personal commitments.	Keith Spencer (Chairman) Rob Still Phuti Mahanyele Hester Hickey Cobus Loots Busi Sitole (resigned with effect from 30 September 2013) Jan Nelson (resigned 28 February 2013)	5/5 5/5 4/5 4/5 5/5 3/5 3/4

THE GOVERNANCE
OF OUR BUSINESS continued

Element of governance structure	Roles and responsibilities	Members	Attendance at meetings
Audit committee	The audit committee reviews the effectiveness of the risk management process and internal control in the Group. In particular, the committee is responsible for: • Overseeing integrated reporting process, • ensuring that a combined assurance model is applied, • overseeing the internal audit function, • reviewing the expertise, resources and experience of the Company's finance function, • forming an integral component of the risk management process, • recommending the appointment of the external auditor. Three of the committee members are independent non-executive directors. The fourth committee member, Cobus Loots, is considered a non-executive committee member, whilst not independent due to being a representative of a significant shareholder. Keith Spencer is considered an independent director in terms of King III. As a result of having historical share options issued during 2007, the UK Companies Act does not consider Keith Spencer independent. The committee's report appears on page 108. External auditors, internal auditors, CEO, financial director and financial executives are always invited to attend the audit committee meetings.	Hester Hickey (Chairperson) Rob Still Cobus Loots Keith Spencer appointed on 22 June 2013	2/2 2/2 2/2 2/2
Remuneration committee	This committee's function is to approve a broad remuneration strategy for the Group and to ensure that directors and senior executives are adequately remunerated for their contribution to Pan African Resources' operating and financial performance. Details of the remuneration of the Company's executive and non-executive directors and senior executives appear in note 32 to the annual financial statements. Information regarding the Company's remuneration philosophy and policies appear in the remuneration section of this report on page 104.	Phuti Mahanyele (Chairperson) Rob Still Jan Nelson (resigned 28 February 2013)	2/2 2/2 1/2
Nominations committee	The nominations committee is required to review the composition of the board and board committees and to make recommendations to the board in this regard. The appointment of directors is a transparent and formal procedure governed by the nominations committee's mandate and terms of reference as well as the Board Charter. With regard to composition of the board, the committee ensures that its size, diversity and demographics makes the board effective and that it is structured to ensure a wide range of skills, views, knowledge and experience to meet the Company's strategic objectives. The committee also ensures that a formal succession plan for the board is in place, and that induction and ongoing training and development of directors continues.	Keith Spencer (Chairman) Rob Still Phuti Mahanyele	4/4 4/4 4/4

Element of governance structure	Roles and responsibilities	Members	Attendance at meetings
Safety, health, environment and community (SHEQC) committee	The SHEQC Committee is the cornerstone of ensuring the Company maintains its social licence to operate through the following activities • Establishing a safety, health, environment and community policy framework for the Company, • strategically reviewing the safety performance of all operations compared to the policy framework, • implementing corrective measures when necessary to achieve the objectives of the policy framework, • establishing a Social and Ethics Committee as a sub-committee of the SHEQC Committee, which will perform the functions required on behalf of subsidiary companies.	Keith Spencer (Chairman) Ron Holding Hester Hickey Thandeka Ncube Jan Nelson (resigned 28 February 2013)	4/4 4/4 4/4 1/4 2/2

Monitoring of performance

In accordance with the Board Charter, an evaluation of the board, its committees and individual directors, including the Chairman, is in the process of being implemented. The nominations committee assesses the independence of non-executive directors annually.

In 2013, an assessment of the performance of the board and its committees was conducted by the board, in line with the latest recommendations of King III (released in the form of practice notes). The assessments found the structures and processes governing the board and its committees were well established and functioning satisfactorily. It also found that the board had fulfilled its role and responsibilities and had discharged its responsibility to the Company, shareholders and other stakeholders.

Codes of conduct

The directors, management and staff of Pan African Resources are committed to the following code of ethics:

"As leaders and employees of Pan African Resources, we hereby commit ourselves to the highest ethical conduct and agree to:

- Respect the laws of the Republic of South Africa and of any other country in which we may operate or visit.
- Live the principle of integrity in all our activities and refrain from any behaviour, overt and otherwise, that may damage the organisation's image and or performance of whatever nature.
- Treat our employees and any other person with dignity, respect and in a just manner irrespective of race, religion, gender, disability, age or nationality or any other characteristic.
- Be honest in all our dealings and undertake to distance ourselves from any activity that has the potential of being regarded as inconsistent with what is expected of a responsible Company and individual.
- Avoid any potential conflict of interest and when it may exist, disclose it to affected parties without any delay.
- Reject any form of bribery and act upon any non-compliance as strongly as possible.
- Accept the full responsibility and ultimate accountability when we make decisions that may impact on the health and safety of our employees and the communities in which we operate, and take full responsibility for the environment and the well-being of the communities.
- Assist in developing our colleagues and teams to become worthy team players and responsible South African citizens.

The board has introduced a Bribery and Corruption Policy and has adopted a zero-tolerance approach to bribery and corruption, and will uphold all laws relevant to countering bribery and corruption in all jurisdictions in which the Group operates. This policy has been communicated to all employees and contractors.

All directors and employees are prohibited from dealing in shares during any period in which price-sensitive information is available. The CEO distributes memoranda informing the affected parties of these periods. Should a senior employee or director wish to trade Pan African Resources shares, written permission must be obtained from either the CEO or Financial director.

A register of directors' interests is maintained and updated at board meetings.

Board statement

The board considers that this integrated annual report complies in all material respects with the relevant statutory requirements of the various regulations governing disclosure and reporting by Pan African Resources, and that the annual financial statements comply in all material respects with the UK's companies acts as well as with IFRS. As such, the board approves the content of the Integrated Annual Report 2013, including the annual financial statements.

STAKEHOLDER ENGAGEMENT

AND OUR RESPONSE

Approach and principles

The Group defines stakeholders as people, groups or organisations that have a direct interest in Pan African Resources in that they can affect – or be affected by – its operations, policies and procedures. Stakeholders are identified at both an operations level and by the various governance structures of the Group. Identified stakeholders include: shareholders, prospective shareholders, investment analysts and lenders (investors); employees, unions and contractors (employees); communities; suppliers; government, regulatory authorities and civil society (society).

Proactive and sincere stakeholder engagement is fundamental to the Group preserving and building on its social and relationship capital and moving it further along the road to achieving its goal of a profitable and sustainable business. Stakeholder engagement is undertaken at all levels of the enterprise following the principles of inclusiveness, materiality and responsiveness. As such, stakeholders participate in outlining key elements of the Group's response to material economic, social and environmental issues, and the Group's business is conducted at the intersection of the interests of its dominant, definitive and dependent stakeholders. This approach ensures that there exists a common understanding and frequent communication at the core of the collective interest.

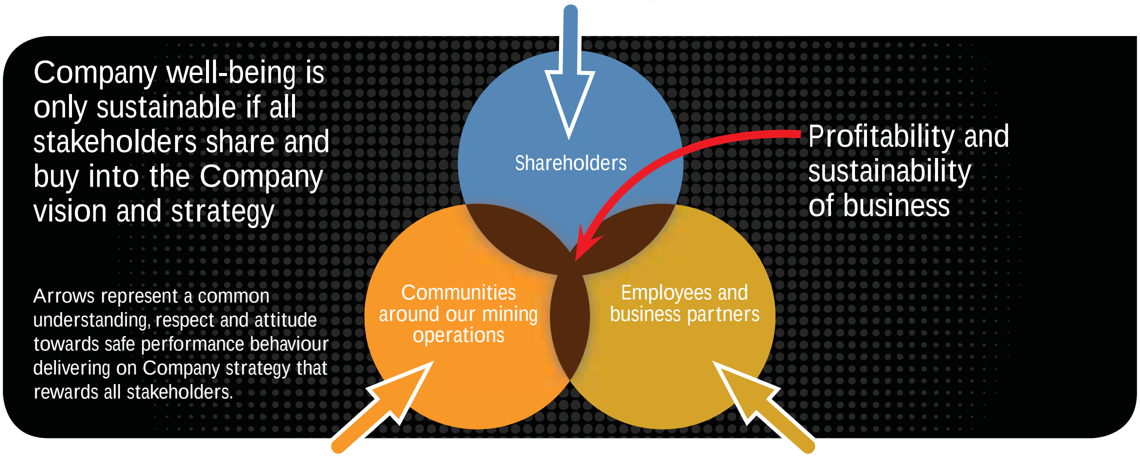
Stakeholder engagement can be conducted in one of two ways: direct engagement involving verbal, direct written or visual communication with targeted stakeholder groupings; or indirect engagement, represented by compliance with regulations and standards expected to deliver on stakeholder issues and concerns.

Direct engagement is the approach used for investors through regular presentations and roadshows, including operational visits; communication through the London Stock Exchange and JSE news services; one-on-one communication with executive management and members of the board; the publication of interim and full-year financial results and an annual integrated report; and the provision of financial information demonstrating conformance with debt covenants.

Direct engagement with the employee stakeholder grouping is conducted through various structures including bargaining council forums; shaft committees; health and safety structures; and supervisory and disciplinary structures. The methods of communication involved scheduled meetings, briefings, emails and posters, standard policy and procedures documents, one-on-one supervision and instruction, contract negotiations, and performance discussions.

Direct community engagement frequently takes place at operational level where operational management, community liaison officers and the community social investment department engage with ward councillors, the IDP and LED offices and the communities themselves at scheduled community meetings. Various media communication channels are used to inform the communities and their representatives.

Indirect engagement with a variety of stakeholders – in particular, those in the society and community groupings – is achieved through compliance with a range of regulations and guidelines, including: the Mining Charter, the Mine Health and Safety Act, environmental and water management acts, the UK and South African companies' acts, and the listing requirements of AIM and the JSE. Achieving compliance and informing regulators requires regular and frequent communication with the departments of Mineral Resources, Labour, Water Affairs, Education and Public Works, and local municipalities and IDP and LED offices.



Status of material issues identified

<table>
<tr><th>Issue</th><th>Stakeholders</th><th>Status/response</th></tr>
<tr><td>Safe mining</td><td>Employees Society Investors</td><td>Safety statistics for the individual operations, which have shown an overall improvement, are provided on pages 86 to 89. Regrettably, two employees lost their lives while on duty at Barberton Mines during the year. Gert Fourie and Velly Malumane were both fatally injured.</td></tr>
<tr><td>Transformation</td><td>Employees Society Investors</td><td>
The Group enjoys a constructive and valuable relationship with a BEE partner, Shanduka Resources, via its wholly owned subsidiary Shanduka Gold, which owns 25.3% of Pan African Resources.
The Group complies with both the Employment Equity and Skills Development Acts. The Group's progress in achieving its employment equity targets is summarised below:
<table>
<tr><th></th><th>2013 target (%)</th><th>2013 actual (%)</th><th>2012 actual (%)</th></tr>
<tr><td>Top management</td><td>45</td><td>36</td><td>20</td></tr>
<tr><td>Senior management</td><td>46</td><td>46</td><td>27</td></tr>
<tr><td>Middle management</td><td>40</td><td>38</td><td>32</td></tr>
<tr><td>Junior management</td><td>57</td><td>55</td><td>45</td></tr>
<tr><td>Other officials</td><td>95</td><td>95</td><td>57</td></tr>
</table>
Pan African Resources supports the development of small and medium black-owned enterprises. Procurement spend from BEE entities during the year was as follows:
<table>
<tr><th>Barberton Mines</th><th>2013 target (%)</th><th>2013 actual (%)</th><th>2012 actual (%)</th></tr>
<tr><td>Capital goods</td><td>30</td><td>90</td><td>26</td></tr>
<tr><td>Services</td><td>40</td><td>78</td><td>42</td></tr>
<tr><td>Consumable goods</td><td>60</td><td>40</td><td>34</td></tr>
<tr><th>Evander Mines</th><th>2013 target (%)</th><th>2013 actual (%)</th><th></th></tr>
<tr><td>Capital goods</td><td>30</td><td>37</td><td></td></tr>
<tr><td>Services</td><td>60</td><td>23</td><td></td></tr>
<tr><td>Consumable goods</td><td>40</td><td>42</td><td></td></tr>
</table>
During the 2013 financial year, the Group invested a total of ZAR20.2 million (2012: ZAR14.4 million) in projects designed to improve the quality of life of members of neighbouring communities.
Barberton Mines continues with its Barberton Mines Transformation Trust, established in 2011 and funded through contributions from the operation and its suppliers. Contributions to the trust can be applied in the determination of the suppliers' B-BBEE contributor status.
Evander Mines now forms part of the Group and, as such, enjoys support from the Shanduka Group in terms of transformation initiatives.
</td></tr>
</table>

STAKEHOLDER ENGAGEMENT
AND OUR RESPONSE continued

Issue	Stakeholders	Status/response
Environmental management	Society Communities	The Group's operations are directed by an integrated SHEQC Charter. In particular, the Environmental Policy commits Pan African Resources to: continual improvement in the assessment of its environmental performance and the prevention of pollution; the integration of environmental management practices throughout the Group; minimising the use of consumptive resources and promoting the reduction and recycling of waste; rehabilitating disturbed land and protecting biodiversity; exercising prudence with critical ecological resources; managing environmental risk in the workplace; complying with applicable legal requirements; and training and educating its employees in environmental responsibilities. All operations have EMPs approved by the DMR. Barberton Mines submitted an amended EMP in 2010 and is still awaiting approval. Statistics relating to the Group's impact on the environmental are provided in the GRI Report www.panafricanresources.com
Job security and creation	Employees Communities Society	The Group's total payroll cost amounted to ZAR507.0 million. No redundancies occurred during the year. Employee turnover is monitored and reported on in the GRI content index on the Group's website at www.panafricanresources.com. ZAR2.9 million was invested in the training and development of employees across the Group. Statistics relating to training and learnerships appears in the table below:
Profitable mining	Investors Society Communities	The Group returned to paying dividends during the 2013 financial year, following its decision to forgo a dividend in 2012 due to the cash demands of the Evander Mines acquisition. Total taxes collected on behalf of the South African government amounted to ZAR149.0 million during 2013. Other direct taxes paid by the Group to the South African fiscus amounted to ZAR117.7 million. Direct investment in the Group's surrounding communities amounted to ZAR20.2 million.

THE MANAGEMENT
OF RISK

The management of risk

The board of directors, supported by the work of the audit committee, is ultimately responsible for the management and mitigation of risks that impact upon the Group's operations, its employees and the environment and communities in which it operates. The Group follows a formal risk management programme, engaging with employees, assurance service providers, insurers, regulatory bodies, local communities and specialist risk advisors. The culture of the Group is that everyone associated with it assumes responsibility for conducting themselves in conformance with established policies and procedures, to minimise the potential occurrence of any risk event and constantly to seek opportunities to improve performance and efficiencies.

The identification of risks is informed by the external environment, described on pages 40 to 42, and the nature of the individual operations' activities. At first glance, risks could be described as either strategic or operational. However, so many of the strategic risks require mitigating strategies to be implemented at the operations, the Group does not distinguish between the types of risk. Risks can be identified at an operational level, during risk workshops, and through the strategy-setting process.

Initiatives to mitigate risks at the operational level are designed to ensure continuous, safe and responsible production of gold and PGMs. Each of the Group's operations maintains a risk register, which includes risk identification, risk mitigating factors and responsibilities.

The board regularly reviews the risk reports from the operations, thus ensuring that the appropriate risk management programmes are implemented, and monitoring progress against key risk indicators such as safety statistics.

The board, together with executive management, is also responsible for the identification of strategic risks and opportunities. Strategic workshops are conducted to evaluate risks and opportunities, confirm or amend Group strategy and establish strategic actions for the forthcoming period. Controls and actions to mitigate strategic risks can be implemented at the individual operations, across a Group discipline (human resources, for example) or at executive management level.

Risks and our achievements

The board and executive management believe that within every risk lies an opportunity for Pan African Resources to improve its financial, operational or social performance, enhance its reputation, strengthen its team and create value for all its stakeholders in the short, medium and long term. As such, the risks described below are also seen as key areas of opportunity for the Group. Specific identified opportunities relating to the exploitation of Mineral Resources and Mineral Reserves are discussed in more detail on pages 67 to 85.

THE MANAGEMENT
OF RISK continued

Risk	Mitigation strategies	Outcomes
Safety – including fall of ground, transport, blasting, equipment handling and underground fires	• SHEQC Charter. • Safety management systems, including standard operating procedures and regular risk assessments. • Legal appointments of responsible persons. • Workplace safe declarations. • Seismic monitoring. • Rock mechanic engineers are involved with mine planning, design and operation. • DMR mandatory code of practice to combat rockfall events implemented. • Support standards for stoping and development applied. • MQA accredited employee training – both general and job-specific. • Communication through managers, safety representatives, safety meetings and safety committees. • Record keeping and reporting of statistics. • Blasting schedules. • Adequate signage of dangers and risks. • Legal workplace inspections. • Disaster action plans. • Fire prevention measures.	Safety statistics for the individual operations are provided on pages 86 to 89.

Risk	Mitigation strategies	Outcomes
The profitability of the Group's operations and the cash flows generated are significantly affected by changes in precious metal prices and the Group's cost of production	• Historically, the Group has sold its gold at prevailing market prices and has not entered into any price hedging arrangements to establish a price in advance for the sale of future gold production. Such hedging opportunities, together with economic indicators and an informed outlook for the price of gold, are considered on a regular basis by both the executive management and the board. • The Group is committed to being a high-grade, low cash cost gold producer. Appropriate mineral resource management ensures optimum grade tonnage profiles are achieved on a sustainable basis. • all costs are monitored and addressed in detail to ensure sufficient cash flows are available to meet all stakeholder requirements. • Capital and management resources are applied to improve underground working conditions, enhancing productivity and controlling costs. • Should the gold price fall to a level approaching the Group's all-in cost of production for any sustained period, a review of all projects, capital expenditure and costs would be performed to focus on cash preservation. • The Group is managed by experienced teams at the operations and supported by a lean and experienced executive team.	The average price of gold realised during the period resulted in positive margins achieved. Management of costs remained in line with expectations and increases operational all-in cost of production was a result of – wage rate increases – electricity increases – BTRP capital expenditure – Evander Mines Shaft Deeping Project.
The Group's results of operations and financial condition may be materially adversely affected by appreciation in the value of the ZAR against the USD and GBP.	• The Group's policy is not to hedge its exposure to foreign exchange rate fluctuations. • Exchange rates are monitored daily. • The Group focuses on cost control to maximise profitability per production unit.	The average USD/ZAR exchange rate was 13.9% weaker, at ZAR8.83:1, compared to the previous year (2012: ZAR7.75:1). The average ZAR/GBP exchange rate was 12.8% weaker at ZAR13.84:1 compared to the previous year (2012: ZAR12.27:1). Therefore Group results in GBP would be materially affected by a 12.8% movement year-on-year.
Industrial action work stoppages and higher operating costs as the result of wage settlements or changes in employment legislation	• The Group complies with all of the relevant South African labour legislation. • Unions are recognised in line with labour legislation and engaged with on a frequent and regular basis. • The Group engages with collective bargaining units, either directly or through the Chamber of Mines. • The Group has adopted appropriate remuneration practices to reward all levels of employees, based on the Group's production and financial performance. • In terms of the Mining Charter, the Group prepares and implements social and labour plans, which include employee training and development goals.	No industrial action took place at any of the Group's operations during the year.

THE MANAGEMENT
OF RISK continued

Risk	Mitigation strategies	Outcomes
The Group's ability to recruit and retain skilled and experienced employees is critical to the success of its operations	• SLPs. • Recruitment and training strategy. • Appropriate remuneration. • Employee health initiatives. • In-house training and development. • Talent pool and mentorship.	Employee turnover is monitored and reported on in the GRI content index on the Group's website at www.panafricanresources.com. The Group's performance in appointing HDSAs to management positions is reflected in the table under the heading Transformation in the Stakeholder Engagement and our Response section on page 97.
Integrating new acquisitions and construction of new plants	• BTRP construction was monitored on a daily basis. • A management and service agreement was signed with Harmony when acquiring the Evander Mines operation, to ensure a smooth and managed handover of responsibilities. • An integration programme for all aspects of the Evander Mines operation was prepared and has been strictly managed during the year.	BTRP commissioned on time and on budget. Successful integration of the Evander Mines acquisition. Total Group gold production increased by 38.2% and gold reserves by 69.4%.
Health – liabilities related to occupational diseases and the management of the high incidence of HIV/Aids in the workforce	• Annual medical examinations for all employees. • Daily monitoring of workplace environment for heat, noise and airborne pollutants. • Targets and limits set for noise, heat and dust. • Standard operating procedures for working with cement and asbestos products. • Ventilation control. • Personal protective equipment. • Health clinic. • First aid training. • Awareness campaigns. • Voluntary HIV counselling and testing. • Free condoms and antiretroviral drugs. • Entrance and exit medical screenings.	Recording and reporting incidences of occupational diseases. These statistics are provided in the GRI content index on the Group's website at www.panafricanresources.com.

Risk	Mitigation strategies	Outcomes
Environmental degradation – water pollution	• Zero-discharge mines. • Environmental management programmes. • Pollution control and water catchment dams. • Sealing of underground water sources. • Compliance with water use licence guidelines. • Recycling/reuse targets. • Containment of arsenic-contaminated storage areas. • Engagement with the Department of Water Affairs regarding the outstanding water licence of Sheba Mine.	Number and value of fines or sanctions for non-compliance. These statistics are provided in in the GRI content index on the Group's website at www. panafricanresources.com.
Illegal mining and theft	• Access controls. • Attendance registers. • Security patrols. • Camera surveillance. • Mine clearance procedures. • Disciplinary procedures. • Communication and awareness campaigns. • Engagement with authorities and community. • Remedial action of historic pollution.	Significant progress has been made in securing the mines' properties and limiting access to the workings. This is reflected in the reduced security costs at Barberton Mines.
Poor governance resulting in non-compliance with legislation and/or regulations	• The Group has appointed a JSE sponsor and a UK NOMAD to ensure compliance with regard to corporate governance and public disclosure. • Safety and environmental management systems. • Operational management engage the services of environmental specialists to ensure compliance with regulations and compliance thereof. • Private contractors required to comply with Company systems. • Regular audits.	The Group has remained compliant throughout the year.
Unavailability of infrastructure (including power interruptions)	• Statutory site inspections. • Engineering risks registers for all operations. • Appointment of a Group consulting engineer. • Planned routine maintenance and maintenance contracts. • Equipment registers. • Critical spares maintained. • Refurbishment, major overhaul and capital expenditure programmes. • Engagement with Eskom on planned power interruptions. • Back-up generators provide limited power to processing plants. • Power management and load monitoring. • Energy-efficiency programmes.	Production and financial indicators. Readers are referred to the Operational performance section of this report, on pages 52 to 89.

REMUNERATION

Remuneration – Rewarding effort

All the executive directors have employment contracts with the Company and are remunerated by the Company for services performed.

In accordance with the Company's Articles of Association, non-executive directors are entitled to directors' fees (refer to annual financial statements note 32. These fees are paid quarterly in arrears.

The remuneration committee comprises one independent non-executive director and one non-executive director. The invitees of the remuneration committee are the Group CEO, the Financial director and the Executive: Human Resources, all of whom are are excluded from the meeting in the event that their remuneration and/or benefits are discussed. The remuneration committee meets at least twice a year. It reviews the performance of the CEO, executives and senior management and sets the scale, structure and basis of their remuneration and the terms of their service agreements with due regard to the interest of all stakeholders and the performance of the Company.

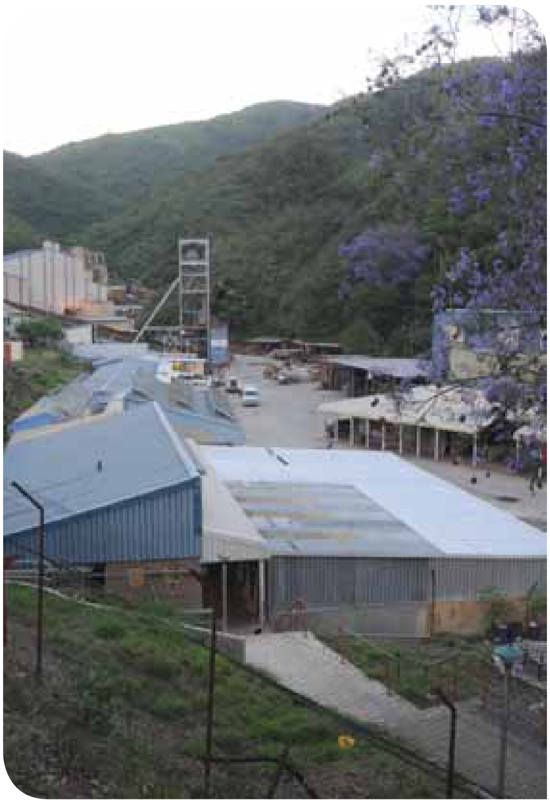
Basic salary and benefits are reviewed annually against competitive market data and analysis (PwC Remchannel Survey).

Short-term incentives paid annually are based on the Company's performance. The collective key performance areas (KPAs) account for 80% and are based on gold sold ounces, costs of production and safety targets, whereas the individual KPAs account for 20% and are specific to the person concerned. These are objective measurements based on the Company's actual achievements versus the set business plan for the financial year.

Share options

The Equity Share Option Plan was discontinued (2008) and has been replaced with the Pan African Resources Group Share Appreciation Bonus Plan. The main objective of the Group Share Appreciation Bonus Plan is to give appropriate incentives to selected employees who are employed at a managerial level within the Group to ensure retention of key skills required for the ongoing profitable performance and growth of Pan African Resources, its subsidiary companies and any other entities that Group controls and to align management interests with those of shareholders of Pan African Resources.

Further details in terms of the Equity Share Option Plan and the Group Share Appreciation Bonus Plan are disclosed in the annual financial statements notes 33 and 27. Additional information in relation to the Equity Share Option Plan and the Group Share Appreciation Bonus Plan can be obtained from the Group Company Secretary.



ANNUAL
FINANCIAL STATEMENTS


FIRST AIDER

AUDIT
COMMITTEE REPORT

Financial statements

The committee has evaluated the Group financial statements for the year ended 30 June 2013 and, based on the information provided to the committee, considers that the Group complies, in all material respects, with the requirements of the Companies Act and International Financial Reporting Standards (IFRS).

The requirements from King III are continuously being assessed and improved on with significant issues resolved.

External auditor

The committee nominated the South African and UK firm of Deloitte & Touche for reappointment as external auditors of the Pan African Group.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession.

The Audit Committee, in consultation with executive management, agreed to the terms of engagement. The audit fee for the external audit has been considered and approved for the 2013 financial year-end, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The committee approved a non-audit services policy which determines the nature and extent of any non-audit services which Deloitte & Touche may provide to the Company. The policy allows for limited tax and corporate governance advice as well as the provision of reporting accountant services in relation to capital market transactions.

Financial Director

During the financial year, Financial Director Busi Sitole was on maternity leave for a four-month period. Neal Reynolds, Group Financial Manager, acted in Busi Sitole's stead during this period.

Busi Sitole resigned as Financial Director effective 30 September 2013, and is replaced by Cobus Loots effective 1 October 2013.

The directors have considered the functioning of Pan African Resources financial department and believe that it functions effectively, with the required controls and systems in place.

The committee has assessed and is satisfied that the new Financial Director, Cobus Loots, has the appropriate skill, expertise and experience as required by the JSE Listings Requirement 3.84(h).

Internal auditor

The committee plays an oversight role of internal audit by approval of the internal audit plan and review of the reporting of any findings on a regular basis. The committee satisfied itself that the internal audit function is independent and has the necessary resources, standing and authority to discharge its duties. The Head of Internal Audit has direct access to the Chairman of the Audit Committee and internal audit are invited to attend each Audit Committee meeting.

Accounting practices and internal control

Based on the available and communicated information, together with discussions with the independent external auditor, the committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review. The committee reviewed the auditor's report to those charged with governance and can report that there were no material issues requiring immediate additional attention. The value-added issues raised are receiving the appropriate attention to ensure increased effectiveness in all areas of financial and business systems and controls.

On behalf of the Audit Committee

HH Hickey
Chairperson: Audit Committee

16 September 2013

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2013.

Principal activities

The Group's principal activity during the year was gold and platinum mining. A full review of the activities of the business and of future prospects is contained in the Chief Executive Officer's report that accompanies these financial statements, with financial and non-financial key performance indicators shown on page 16.

Results and dividends

The results for the year are disclosed in the Consolidated Statement of Comprehensive Income on page 114. The salient features of these results can be found on page 5.

The Pan African Resources board of directors previously stated the Company's policy is to pay an annual dividend, subject to the capital requirements of the Company. Following the successful acquisition of Evander Mines, the board of directors has therefore proposed to declare a dividend in respect of the 2013 financial year subject to the approval of the shareholders at the next AGM. Currently, with the satisfactory results from Barberton Mines and Evander Mines, the board of directors remains committed to continue with the Company's dividend policy and has resumed the dividend payment in the 2013 financial year.

The board of directors proposes a final dividend for the year ended 30 June 2013 of ZAR240 million (GBP15.2[1] million). The proposed final dividend is calculated on 1,825,834,263 issued shares currently outstanding, equating to ZAR0.1314 per share or approximately 0.83[1] pence per share (2012: Nil), and is to be approved by shareholders at the forthcoming AGM of the Company.

Note 1: The dividend in GBP is based on an exchange rate on 13 September 2013 of ZAR15.76:1, and approximates GBP15.2 million. The final exchange rate will be communicated upon final approval at the AGM.

Policy for payment of creditors

It is the Company's policy to settle all agreed transactions within the terms established with suppliers. The Company's target credit days are 60 days.

Risk management

The key business risks to which the Company is exposed have been considered and addressed under the operational review of each business segment. Refer to page 52 for gold operations and page 64 for platinum operations.

A separate risk committee is not considered necessary, as this role is fulfilled by the board, its sub-committees and executive management. The identification and management of critical risks is a strategic focus area for executive management, reviewed on a monthly basis and, together with action plans, reported regularly to the board. Executive management has the ability to call for emergency board meetings, should the need arise. Risk registers for each business segment are in place. The board has reviewed the current risks to the business and, at the time of reporting, believes that the current business risks do not exceed the risk appetite of the Group.

Residual risks include the current South African labour market and associated union rivalry, USD gold price, USD/ZAR exchange rate, and government and regulatory frameworks, as well as unforeseen natural disasters.

The board believes that the current processes of identifying and dealing with risks are effective.

Internal control

The board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and Group assets. The directors monitor the operation of internal controls. The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

Internal financial control procedures undertaken by the board include:

- Review of monthly financial reports and monitoring performance.
- Review of internal audit reports and follow-up action of weaknesses identified by these reports.
- Review of competency and experience of senior management staff.
- Prior approval of all significant expenditure, including all major investment decisions.
- Review and debate of treasury and other policies.

The board has reviewed the operation and effectiveness of the Group's system of internal control for the financial year and the period up to the date of approval of the financial statements.

Going concern

The board confirms that the business is a going concern and that it has reviewed the business's working capital requirements in conjunction with its future funding capabilities for at least the next 12 months, and has found them to be adequate. The Group has secured a ZAR600 million RCF with Nedbank Limited and ABSA Limited. The Group utilised ZAR350 million (GBP23.3 million) of the RCF to fund the Evander Mines acquisition and has since been able to further settle ZAR185 million (GBP12.3 million), resulting in a closing balance of ZAR165 million (GBP11.0 million) at year-end.

Management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Should the need arise, the Group can cease most exploration and capital activities, and by doing so conserve cash.

DIRECTORS' REPORT continued

Events after the reporting period

Refer to note 36 to the Annual Financial Statements.

Directors

The following were directors during the year under review and subsequently:

KC Spencer (Chairman)*
P Mahanyele
JP Nelson (resigned on 28 February 2013)
YB Sitole (resigned effective 30 September 2013)
JAJ Loots
RG Still*
H Hickey*
R Holding (appointed on 9 September 2013)

** Independent non-executive director.*

Auditor

Deloitte LLP has been appointed as auditor until the conclusion of the next AGM.

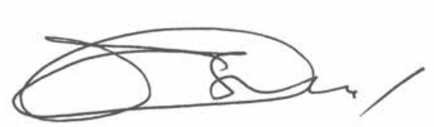
Each of the persons who are directors at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant information of which the Group's auditor is unaware,
- the director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with S418 of the UK Companies Act 2006.

Deloitte LLP has expressed its willingness to continue in office as auditor, and a resolution to reappoint it will be proposed at the forthcoming AGM.

By order of the board.



Ron Holding
Chief Executive Officer

16 September 2013

INDEPENDENT AUDITOR'S REPORT
UNITED KINGDOM

To the members of Pan African Resources PLC

We have audited the financial statements of Pan African Resources PLC for the year ended 30 June 2013 which comprise the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2013 and of the Group's profit and the parent company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Paterson
Senior Statutory Auditor

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
16 September 2013

INDEPENDENT AUDITOR'S REPORT
SOUTH AFRICA

To the shareholders of Pan African Resources PLC

We have audited the consolidated and separate financial statements of Pan African Resources PLC set out on pages 114 to 162, which comprise the statements of financial position as at 30 June 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Pan African Resources PLC as at 30 June 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Registered Auditor

Deloitte & Touche

Per: MLE Tshabalala
Partner

16 September 2013

CERTIFICATE OF THE COMPANY SECRETARY

I hereby certify that Pan African Resources PLC has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 2006. All such returns are true, correct and up to date.

St James's Corporate
Services Limited

St James's Corporate Services Limited

17 September 2013

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Notes	Group* 30 June 2013 (Audited) £	Group* 30 June 2012 (Audited) £	Company 30 June 2013 (Audited) £	Company 30 June 2012 (Audited) £
Revenue					
Gold sales	4	129,277,438	101,068,596	–	–
Platinum sales	4	4,257,512	–	–	–
Realisation costs		(226,738)	(163,217)	–	–
On-mine revenue		133,308,212	100,905,379	–	–
Gold cost of production	5	(67,646,119)	(46,122,811)	–	–
Platinum cost of production	5	(3,535,046)	–	–	–
Mining depreciation	16, 17	(5,998,267)	(3,259,010)	–	–
Mining profit		56,128,780	51,523,558	–	–
Other (expenses)/income	8	(5,652,226)	(5,916,227)	(3,229,348)	21,644,712
Bargain purchase gain	38	24,114,255	–	–	–
Loss in associate	19	(152,312)	–	(152,312)	–
Loss on disposal of asset held for sale	19	(586,138)	–	(586,138)	–
Impairments	10	(16,143,604)	(48,238)	(18,058,860)	–
Royalty costs		(3,198,622)	(3,848,450)	–	–
Net income before finance income and finance costs		54,510,133	41,710,643	(22,026,658)	21,644,712
Finance income	4, 9	1,454,659	652,267	1,079,235	551,154
Finance costs	9	(1,257,696)	(136,765)	–	–
Profit before taxation	10	54,707,096	42,226,145	(20,947,423)	22,195,866
Taxation	13	(12,133,063)	(12,984,511)	289,876	–
Profit after taxation		42,574,033	29,241,634	(20,657,547)	22,195,866
Other comprehensive income:					
Items that may be reclassified subsequently to profit and loss					
Foreign currency translation differences		(20,228,836)	(10,248,051)	(1,596,822)	(7,013,252)
Total comprehensive income for the year		22,345,197	18,993,583	(22,254,369)	15,182,614
Profit attributable to:					
Owners of the parent		42,574,033	29,241,634	(20,657,547)	22,195,866
		42,574,033	29,241,634	(20,657,547)	22,195,866
Total comprehensive income attributable to:					
Owners of the parent		22,345,197	18,993,583	(22,254,369)	15,182,614
		22,345,197	18,993,583	(22,254,369)	15,182,614
Earnings per share (pence)	14	2,63	2,02	–	–
Diluted earnings per share (pence)	14	2,62	2,01	–	–

* *Pan African Resources Plc (Pan African Resources) acquired Evander Gold Mines Limited (Evander Mines) on 28 February 2013. Therefore the audited financial statements at 30 June 2013 consolidate four months of Evander Mines financial results.*

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Notes	Group 30 June 2013 (Audited) £	Group 30 June 2012 (Audited) £	Company 30 June 2013 (Audited) £	Company 30 June 2012 (Audited) £
ASSETS					
Non-current assets					
Property, plant and equipment and mineral rights	16	209,489,677	62,411,655	85,141	126,209
Other intangible assets	17	340,484	–	–	–
Deferred taxation	28	312,798	–	267,281	–
Goodwill	18	21,000,714	21,000,714	–	–
Investments	19	–	–	122,007,254	50,101,244
Investments in associate	19	1,199,071	–	1,182,606	–
Rehabilitation trust fund	20	16,973,713	2,662,934	–	–
		249,316,457	86,075,303	123,542,282	50,227,453
Current assets					
Inventories	21	6,595,740	1,868,735	–	–
Receivables from other Group companies	34	–	–	12,524,940	19,505,668
Current tax asset		1,479,339	–	–	–
Trade and other receivables	22	13,904,416	6,828,047	1,221,443	1,621,219
Cash and cash equivalents	23	4,768,916	19,782,179	3,304,949	17,812,893
		26,748,411	28,478,961	17,051,332	38,939,780
Non-current assets held for sale	35	213,191	13,135,215	–	13,155,070
Total assets		276,278,059	127,689,479	140,593,614	102,322,303
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	18,228,342	14,482,623	18,228,342	14,482,623
Share premium		94,515,562	51,149,299	94,515,562	51,149,299
Translation reserve		(22,166,345)	(1,937,509)	(6,754,874)	(5,158,052)
Share option reserve		1,031,955	904,902	897,658	792,143
Retained income		102,005,124	59,432,741	16,224,374	36,881,921
Realisation of equity reserve		(10,701,093)	(10,701,093)	–	–
Merger reserve		(10,705,308)	(10,705,308)	1,560,000	1,560,000
Equity attributable to owners of the parent		172,208,237	102,625,655	124,671,062	99,707,934
Total equity		172,208,237	102,625,655	124,671,062	99,707,934
Non-current liabilities					
Long-term provisions	26	14,821,152	3,043,954	–	–
Long-term liabilities	27	11,132,960	868,881	390,681	429,565
Deferred taxation	28	54,049,440	10,088,530	–	–
		80,003,552	14,001,365	390,681	429,565
Current liabilities					
Trade and other payables	25	23,202,052	7,709,729	1,758,875	886,569
Current portion of long-term liabilities	27	864,218	–	–	–
Payable to other Group companies	34	–	–	13,772,996	1,298,235
Current tax liability		–	3,352,730	–	–
		24,066,270	11,062,459	15,531,871	2,184,804
Total equity and liabilities		276,278,059	127,689,479	140,593,614	102,322,303

Ron Holding
Chief Executive Officer

Cobus Loots
Director

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

		Group		Company	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
	Notes	£	£	£	£
Net cash generated from/(used in) operating activities	37	48,265,537	30,575,270	(757,723)	(8,392,150)
Investing activities					
Dividends received		–	–	–	24,500,396
Deposit		–	(1,548,779)	–	(1,548,779)
Additions to property, plant and equipment and mineral rights	16	(27,566,533)	(17,424,906)	(12,542)	(13,202)
Net cash outflows from the acquisition of Evander	38	(96,006,400)	–	–	–
Additions to intangibles		–	(505,273)	–	–
Investments acquired		–	–	(72,026,895)	–
Loans from/(to) subsidiaries		–	–	9,415,791	(6,836,569)
Proceeds on disposals of assets		10,555	–	–	–
Funding of the rehabilitation trust fund		359,172	115,970	–	–
Net (cash used in)/generated from investing activities		(123,203,206)	(19,362,988)	(62,623,646)	16,101,846
Financing activities					
Proceeds from borrowings		34,763,874	–	–	–
Borrowings repaid		(22,545,100)	–	–	–
Loans from subsidiaries		–	–	–	1,298,235
Shares issued	24	50,614,255	258,686	50,614,255	258,686
Share issue costs		(3,502,273)	–	(3,502,273)	–
Net cash from financing activities		59,330,756	258,686	47,111,982	1,556,921
Net (decrease)/increase in cash and cash equivalents		(15,606,913)	11,470,968	(16,269,387)	9,266,617
Cash and cash equivalents at the beginning of the year		19,782,179	10,123,822	17,812,893	11,546,466
Effect of foreign exchange rate changes		593,650	(1,812,611)	1,761,443	(3,000,190)
Cash and cash equivalents at the end of the year	23	4,768,916	19,782,179	3,304,949	17,812,893

During the year, the Group completed a major non-cash transaction with regards to its disposal of Manica projects (refer to note 35).

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

GROUP	Share capital £	Share premium account £	Translation reserve £	Share option reserve £	Retained earnings £	Realisation of equity reserve £	Merger reserve £	Total £
Balance at 30 June 2011	14,440,406	50,932,830	8,310,542	861,450	37,607,283	(10,701,093)	(10,705,308)	90,746,110
Issue of shares	42,217	216,469	–	–	–	–	–	258,686
Total comprehensive income	–	–	(10,248,051)	–	29,241,634	–	–	18,993,583
Dividends paid	–	–	–	–	(7,416,176)	–	–	(7,416,176)
Share-based payment – charge for the year	–	–	–	43,452	–	–	–	43,452
Balance at 30 June 2012	14,482,623	51,149,299	(1,937,509)	904,902	59,432,741	(10,701,093)	(10,705,308)	102,625,655
Issue of shares	3,745,719	46,868,536	–	–	–	–	–	50,614,255
Share issue costs	–	(3,502,273)	–	–	–	–	–	(3,502,273)
Other reserves	–	–	–	–	(1,650)	–	–	(1,650)
Total comprehensive income	–	–	(20,228,836)	–	42,574,033	–	–	22,345,197
Share-based payment – charge for the year	–	–	–	127,053	–	–	–	127,053
Balance at 30 June 2013	18,228,342	94,515,562	(22,166,345)	1,031,955	102,005,124	(10,701,093)	(10,705,308)	172,208,237

COMPANY	Share capital £	Share premium account £	Translation reserve £	Share option reserve £	Retained earnings £	Realisation of equity reserve £	Merger reserve £	Total £
Balance at 30 June 2011	14,440,406	50,932,830	1,855,200	777,585	22,102,231	–	1,560,000	91,668,252
Issue of shares	42,217	216,469	–	–	–	–	–	258,686
Total comprehensive income	–	–	(7,013,252)	–	22,195,866	–	–	15,182,614
Dividends paid	–	–	–	–	(7,416,176)	–	–	(7,416,176)
Share-based payment – charge for the year	–	–	–	14,558	–	–	–	14,558
Balance at 30 June 2012	14,482,623	51,149,299	(5,158,052)	792,143	36,881,921	–	1,560,000	99,707,934
Issue of shares	3,745,719	46,868,536	–	–	–	–	–	50,614,255
Share issue costs	–	(3,502,273)	–	–	–	–	–	(3,502,273)
Total comprehensive loss	–	–	(1,596,822)	–	(20,657,547)	–	–	(22,254,369)
Share-based payment – charge for the year	–	–	–	105,515	–	–	–	105,515
Balance at 30 June 2013	18,228,342	94,515,562	(6,754,874)	897,658	16,224,374	–	1,560,000	124,671,062

NOTES TO FINANCIAL STATEMENTS: ACCOUNTING POLICIES AND FINANCIAL REPORTING TERMS

for the year ended 30 June 2013

1 GENERAL INFORMATION

Pan African is a Company incorporated in England and Wales under the Companies Act 2006. The Company has a dual primary listing on the AIM Market ('AIM') of the London Stock Exchange and JSE Limited (JSE). The nature of the Group's operations and its principal activities relate to gold and PGE mining and exploration activities. The financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below. The individual financial results of each Group Company are maintained in their functional currencies, which are determined by reference to the primary economic environment in which it operates.

For the purpose of the consolidated financial statements, the results and financial position of each Group Company is expressed in Pounds Sterling. The financial statements have been prepared on the going concern basis.

The financial statements have also been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and South Africa.

2 ACCOUNTING POLICIES

Basis of preparation and general information

The annual financial statements have been prepared under the historical cost basis, except for certain financial instruments which are stated at fair value. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year, except where otherwise indicated.

Historic reverse acquisition

On 31 July 2007 the Company acquired 74% of Barberton Mines (Pty) Ltd (Barberton) in a share-for-share transaction. IFRS 3 'Business Combinations' defines the acquirer in a business combination as the entity that obtains control. Accordingly, the combination was accounted for as a reverse acquisition.

Going concern

The financial position of the Group, its cash flows and liquidity position are described in these financial statements. In addition, note 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit, foreign currency, commodity price, interest rate and liquidity risk.

Management is not aware of any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Based on the current status of the Group's finances, the directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has, or will have, adequate resources to enable the Group to continue to meet its financial commitments for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. Further details are provided in the going concern section of the Directors' Report.

New and revised International Financial Reporting Standards not yet adopted

The Group applies all applicable IFRS in preparation of the financial statements. Consequently, all IFRS statements adopted by the European Union that were effective at 30 June 2013 and are relevant to its operations have been applied.

At the date of authorisation of these financial statements, the following standards and interpretations, which have been applied in these financial statements, for the first time, were in issue and effective as at 30 June 2013:

New and revised International Financial Reporting Standards		Effective date
IAS 12	Deferred Tax: Recovery of Underlying Assets (amendment)	Annual periods beginning on or after 1 January 2012
IAS 1	Presentation of Items of Other Comprehensive Income (amendment)	Annual periods beginning on or after 1 July 2012

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

New and revised International Financial Reporting Standards		Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendments for government loan with a below-market rate of interest when transitioning to IFRSs	Annual periods beginning on or after 1 January 2013
IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	Annual periods beginning on or after 1 January 2013
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	Annual periods beginning on or after 1 January 2013
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 January 2013
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013
IFRS 10	Consolidated Financial Statements – Amendments to transitional guidance	Annual periods beginning on or after 1 January 2013
IFRS 11	Joint Arrangements	Annual periods beginning on or after 1 January 2013
IFRS 11	Joint Arrangements – Amendments to transitional guidance	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities – Amendments to transitional guidance	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013
IAS 1	Presentation of Financial Statements – Amendments resulting from Annual Improvements 2009 – 2011 Cycle (comparative information)	Annual periods beginning on or after 1 January 2013
IAS 16	Property, Plant and Equipment – Amendments resulting from Annual Improvements 2009 – 2011 Cycle (servicing equipment)	Annual periods beginning on or after 1 January 2013
IAS 19	Employee Benefits	Annual periods beginning on or after 1 January 2013
IAS 27	Separate Financial Statements	Annual periods beginning on or after 1 January 2013
IAS 28	Investments in Associates	Annual periods beginning on or after 1 January 2013
IAS 32	Financial Instruments: Presentation – Amendments resulting from Annual Improvements 2009 – 2011 Cycle (tax effect of equity distributions	Annual periods beginning on or after 1 January 2013
IAS 34	Interim Financial Reporting – Amendments resulting from Annual Improvements 2009 – 2011 Cycle (interim reporting of segment assets)	Annual periods beginning on or after 1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Annual periods beginning on or after 1 January 2013

NOTES TO FINANCIAL STATEMENTS: ACCOUNTING POLICIES AND FINANCIAL REPORTING TERMS continued

for the year ended 30 June 2013

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

New and revised International Financial Reporting Standards		Effective date
IFRS 10	Consolidated Financial Statements – Amendments for investments entities	Annual periods beginning on or after 1 January 2014
IFRS 12	Disclosure of Interests in Other Entities – Amendments for investment entities	Annual periods beginning on or after 1 January 2014
IAS 27	Separate Financial Statements – Amendments for Investment Entities	Annual periods beginning on or after 1 January 2014
IAS 32	Financial Instruments: Presentation	Annual periods beginning on or after 1 January 2014
IAS 36	Impairment of Assets	Annual periods beginning on or after 1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement	Annual periods beginning on or after 1 January 2014
IFRIC 21	Levies	Annual periods beginning on or after 1 January 2014
IFRS 7	Financial Instruments: Disclosures – Amendments requiring disclosures about the initial application of IFRS 9	Annual periods beginning on or after 1 January 2015
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 January 2015

The impact of the adoption of the above standards and interpretations still needs to be considered, but is not expected to have a material impact on the financial results.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inter-company transactions and balances between Group entities are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal Groups) that are classified as held-for-sale in accordance with IFRS 5 'Non-current Assets Held-for-Sale and Discontinued Operations', which are recognised and measured at fair value less costs-to-sell.

Goodwill arising on acquisitions is recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss as a bargain purchase consideration. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

Change in ownership interest

In terms of IAS 27, changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions.

Investment in associate

An associate is an entity over which the group and the company have significant influence and that is neither a subsidiary nor an interest in a joint venture.

In the Company's separate financial statements, an investment in associate is stated at fair value less impairment losses, if any. An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at fair value and adjusted thereafter for the post acquisition change in the group's share of net assets of the investment.

Property, plant and equipment

Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost less provision for impairment and accumulated depreciation.

Expenditure incurred after feasibility stage to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, is capitalised within capital under construction until commercial levels of production are achieved. Capital under construction is not depreciated. All revenue generated during the commissioning phase is capitalised back to the property, plant and equipment as per IAS16.

Mineral and surface rights

Mineral and surface rights are recorded at cost less provision for impairment and accumulated depreciation.

Land

Land is shown at cost and is not depreciated.

Gain or loss on disposal or retirement of assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Mining assets, mineral and surface rights mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the estimated life of mine ('LOM') to their residual values using the units-of-production method linked to the reserves and resources on a straight line basis.

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the LOM or their estimated useful lives.

Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between three to ten years.

Research, development, mineral exploration and evaluation costs

Research, development, mineral exploration and evaluation costs are expensed in the year in which they are incurred until they result in projects that the Group:

- Evaluate as being technically or commercially feasible,
- has sufficient resources to complete development,
- can demonstrate will generate future economic benefits.

Once these criteria are met, all directly attributable development costs and ongoing mineral exploration and evaluation costs are capitalised within other intangible assets. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised pre-production expenditure is assessed for impairment in accordance with the Group accounting policy stated below:

Impairment (except for goodwill)

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset being the higher of fair value less costs to sell or value in use is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU, pro rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-deductible or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which affects neither tax nor accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded within equity, or where they arise from the initial accounting for a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the assets to be recovered.

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Lease assets

The Group leases certain property, plant and equipment. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Group. Other leases are classified as operating leases.

Finance lease assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability.

Foreign currencies

Transactions in currencies other than the functional currency of the relevant subsidiary are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such other currencies are translated at the rates ruling at the Statement of Financial Position date. Profits and losses arising on exchange are recorded in the Statement of Comprehensive Income. In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts. On consolidation, the assets and liabilities of the Group's foreign operations are translated into Pounds Sterling at exchange rates ruling at the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed of. Translation differences on foreign loans to subsidiaries which are classified as equity loans are also accounted for as equity.

Inventories

Inventories include the gold bullion on hand, 6PGE concentrate, gold or 6PGE in process and consumable stores.

Bullion on hand and 6PGE concentrate are valued at the lower of cost, determined on a weighted-average basis, and net realisable value. Costs include direct mining costs and mine overheads.

Gold or 6PGE in process inventories represent materials that are currently in the process of being converted to a saleable gold or 6PGE product. The gold or 6PGE in process inventories are valued only if they are reliably measurable and are valued at the average cost of the material fed to process plus the in-process conversion costs.

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values.

Retirement and pension benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan and are charged as an expense as they fall due.

Post-retirement benefits other than pension

Historically Barberton Mines and Evander Mines provided retirement benefits by way of medical-aid scheme contributions for certain employees. The practice has been discontinued for some years. The net present value of estimated future costs of Company contributions towards medical aid schemes for these retirees is recorded as a provision on the Group Statement of Financial Position. The provision is reviewed annually with movements in the provision recorded in the Statement of Comprehensive Income.

Equity participation plan

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income, such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the equity-settled employee benefits reserve.

Cash participation plan

Cash-settled share-based payments to employees are measured at the fair value of the cash instruments at the grant date. The fair value determined at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of cash instruments that will eventually vest. At each Statement of Financial Position date, the Company revises its estimate of the number of cash instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income, such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the cash-settled employee benefits liability.

Provision for environmental rehabilitation costs

Long-term environmental obligations are based on Barberton Mines, Evander Mines and Phoenix Platinum environmental plans, in compliance with current environmental and regulatory requirements. The provision is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the Statement of Financial Position date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure.

Contributions to rehabilitation trust

Contributions are made to a dedicated environmental rehabilitation trust to fund the estimated cost of rehabilitation during and at the end of the life of the Group's mines. The trust's assets are recognised separately on the balance sheet as non-current assets at fair value. Interest earned on funds invested in the environmental rehabilitation trust is accrued on a time : proportion basis and credited to the provision for environmental rehabilitation costs.

Provision for decommissioning costs

The Group provides for decommissioning costs, other than rehabilitation costs, if any, when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely, and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

Revenue recognition

Sales represents the value of minerals sold, excluding value-added tax, and is recognised when goods are delivered and risk and reward has passed, and is measured at the fair value of the consideration received or receivable. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Revenue is recognised when the buyer takes title, provided that:

- It is probable that delivery will be made,
- the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised,
- the buyer specifically acknowledges the deferred delivery instructions,
- the usual payment terms apply.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less impairment if necessary. Interest income is recognised by applying the effective interest rate, except for short-term receivables, when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at Fair Value Through Profit and Loss ('FVTPL'), are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been negatively impacted.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownerships of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future;
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking;
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis;
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The Group has no financial liabilities classified as FVTPL.

Other financial liabilities

Other financial liabilities are initially valued at fair value and subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the ordinary course of its operations, the Group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices, volatility of interest rates and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each Statement of Financial Position date. The resulting gain or loss is recognised in Statement of Comprehensive Income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Comprehensive Income depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group may designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk or firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of any derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Statement of Comprehensive Income relating to the hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of any derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the Statement of Comprehensive Income. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Statement of Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash-on-hand and demand deposits, and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Non-current assets held-for-sale

A non-current asset is designated as held-for-sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the asset is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset, an active divestiture programme has been initiated, the non-current assets is marketed at a price reasonable to its fair value and the disposal is expected to be completed within one year from classification. Non-current assets held-for-sale are stated at lower of carrying value and fair value less cost to sell and are reviewed for impairment at each subsequent reporting date.

At the time of classification as held for sale, these assets are reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset and its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are reassessed for possible impairment. A reversal of impairment is recognised for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognised. No depreciation is provided on non-current assets from the date they are classified as held-for-sale.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Pan African Resources Executive Committee. Management has determined the operating segments of the Group based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business principally according to the nature of the products and service provided, with the segment representing a strategic business unit. The reportable operating segments derive their revenue primarily from mining, extraction, production and selling of gold and 6PGEs.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the annual financial statements in terms of IFRS, the Group's management is required to make certain judgements, estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported year and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

Critical accounting estimates and judgements made by management

The following judgements, that have the most significant effect on the amounts recognised in the financial statements, have been made by management in the process of applying the Group's accounting policies:

- Estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation (this includes the scope and timing of work required, the related costs and the discount rate used).
- Estimates made in determining the recoverable amount of assets, this includes the estimation of cash flows and the discount rates used (including future production levels, commodity price and costs).
- Estimates made in determining the life of the mines:
  - the Life of Mine is determined from development plans based on mine management's estimates and includes total mineral reserve and a portion of the mineral resource. These plans are updated from time to time and take into consideration the actual current cost of extraction, as well as certain forward projections. These projections are reviewed by the board,
  - estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted,
  - estimates of mineral resources and ore reserves in accordance with the SAMREC Code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade.
- Estimates of the recoverability of goodwill and intangible assets.
- Estimates involved in feasibility studies related to exploration and growth projects and hence the recoverability of any related capital expenditure.
- Estimates made in determining the fair values of assets and liabilities at acquisition in terms of IFRS 3 'Business Combinations', together with any resulting goodwill or gains on bargain purchase considerations.

	Group		Company	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
4 REVENUE				
Gold sales	129,277,438	101,068,596	–	–
Platinum sales	4,257,512	–	–	–
Finance income	1,454,659	652,267	1,079,235	551,154
	134,989,609	101,720,863	1,079,235	551,154
5 COST OF PRODUCTION				
Gold cost of production				
Salaries and wages	(33,352,148)	(22,477,760)	–	–
Mining	(10,020,621)	(6,026,400)	–	–
Processing	(4,460,161)	(4,081,816)	–	–
Engineering and technical services	(5,165,876)	(4,070,486)	–	–
Electricity	(8,993,056)	(5,114,015)	–	–
Security	(3,476,653)	(2,393,207)	–	–
Administration and other	(2,177,604)	(1,959,127)	–	–
	(67,646,119)	(46,122,811)	–	–
Platinum cost of production				
Salaries and wages	(973,776)	–	–	–
Mining	(655,780)	–	–	–
Other plant operation costs	(1,544,243)	–	–	–
Electricity	(219,661)	–	–	–
Additional refining costs	(141,586)	–	–	–
	(3,535,046)	–	–	–

6 SEGMENTAL ANALYSIS

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector or segment, which is subject to risk and rewards that are different to those of other segments. The Group's business activities were conducted through five business segments:

- Barberton Mines (Pty) Limited (Barberton Mines), located in Barberton South Africa.
- Evander Gold Mining (Pty) Limited and Evander Gold Mines Limited (collectively known as Evander Mines), located in Evander South Africa.
- Phoenix Platinum Mining (Pty) Limited (Phoenix Platinum).
- corporate and growth projects, which includes Auroch investments.
- Pan African Resources Funding Company (Pty) Limited (Funding Company).

The Chief Executive Officer reviews the operations in accordance with the disclosures presented on the next page.

6 SEGMENTAL ANALYSIS continued

	30 June 2013						30 June 2012			
	Barberton Mines £	Evander Mines £	Phoenix Platinum £	Corporate and growth projects £	Funding company **** £	Group £	Barberton Mines £	Phoenix Platinum* £	Corporate and growth projects £	Group £
Revenue										
Gold sales***	97,564,881	31,712,557	–	–	–	129,277,438	101,068,596	–	–	101,068,596
Platinum sales	–	–	4,257,512	–	–	4,257,512	–	–	–	–
Realisation costs	(179,270)	(47,468)	–	–	–	(226,738)	(163,217)	–	–	(163,217)
On-mine revenue	97,385,611	31,665,089	4,257,512	–	–	133,308,212	100,905,379	–	–	100,905,379
Cost of production	(47,739,505)	(19,906,614)	(3,535,046)	–	–	(71,181,165)	(46,122,811)	–	–	(46,122,811)
Depreciation	(3,000,640)	(2,056,566)	(941,061)	–	–	(5,998,267)	(3,259,010)	–	–	(3,259,010)
Mining profit	46,645,466	9,701,909	(218,595)	–	–	56,128,780	51,523,558	–	–	51,523,558
Other expenses **	(2,188,879)	(8,783)	(221,604)	(3,231,154)	(1,806)	(5,652,226)	(1,484,792)	(59,957)	(4,371,478)	(5,916,227)
Bargain purchase	–	24,114,255	–	–	–	24,114,255	–	–	–	–
Loss from associate	–	–	–	(152,312)	–	(152,312)	–	–	–	–
Loss on disposal of asset held for sale	–	–	–	(586,138)	–	(586,138)	–	–	–	–
Impairment costs	–	–	(2,495,480)	(13,648,124)	–	(16,143,604)	(48,238)	–	–	(48,238)
Royalty costs	(2,450,476)	(748,146)	–	–	–	(3,198,622)	(3,848,450)	–	–	(3,848,450)
Net income/(loss) before finance income and finance costs	42,006,111	33,059,235	(2,935,679)	(17,617,728)	(1,806)	54,510,133	46,142,078	(59,957)	(4,371,478)	41,710,643
Finance income	77,463	283,229	–	1,093,967	–	1,454,659	96,202	4,911	551,154	652,267
Finance costs	(107,810)	(296,888)	–	–	(852,998)	(1,257,696)	(136,765)	–	–	(136,765)
Profit/(loss) before taxation	41,975,764	33,045,576	(2,935,679)	(16,523,761)	(854,804)	54,707,096	46,101,515	(55,046)	(3,820,324)	42,226,145
Taxation	(11,408,506)	(962,917)	(24,863)	286,257	(23,034)	(12,133,063)	(13,058,128)	73,617	–	(12,984,511)
Profit/(loss) after taxation	30,567,258	32,082,659	(2,960,542)	(16,237,504)	(877,838)	42,574,033	33,043,387	18,571	(3,820,324)	29,241,634
Segmental assets (total assets excluding goodwill)	63,530,231	172,971,365	13,897,511	4,867,060	11,178	255,277,345	48,864,455	19,617,673	38,206,637	106,688,765
Segmental liabilities	25,018,515	65,569,101	320,175	2,151,222	11,010,809	104,069,822	23,552,791	275,378	1,235,655	25,063,824
Goodwill	21,000,714	–	–	–	–	21,000,714	21,000,714	–	–	21,000,714
Net assets (excluding goodwill)	38,511,716	107,402,264	13,577,336	2,715,838	(10,999,631)	151,207,523	25,311,664	19,342,295	36,970,982	81,624,941
Capital expenditure	22,886,611	4,506,501	160,879	12,542	–	27,566,533	10,739,237	6,672,468	13 201	17,424,906

All assets are held within South Africa. The segmental assets and liabilities above, exclude inter-company balances.

* *Costs directly attributable to Phoenix Platinum, along with attributable overheads, were capitalised to capital under construction in the prior years. On 1 July 2012 Phoenix Platinum was fully commissioned for accounting purposes, therefore all costs and revenue incurred and received, respectively, were allocated to Statement of Comprehensive Income in the current year.*

** *Other expenses exclude inter-company management fees and dividends.*

*** *All gold sales were made in the Republic of South Africa and the majority of revenue (more than 90%) was generated from a single customer, Rand Refinery.*

**** *The Funding Company was established during the 2013 financial year with effect from 1 March 2013.*

7 OPERATING LEASES

At the financial year end, the Group and Company had outstanding commitments under non-cancellable operating leases, mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:

	Group		Company	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Not later than one year	109,462	125,066	92,191	99,221
Later than one year and no later than five years	96,609	211,447	73,210	192,256
	206,071	336,513	165,401	291,477
Minimum lease payments under operating leases recognised as an expense in the year	124,554	135,073	83,222	87,684
Leases are negotiated for an average term of three to five years.				

8 OTHER (EXPENSES)/INCOME

	Group 30 June 2013 £	Group 30 June 2012 £	Company 30 June 2013 £	Company 30 June 2012 £
Dividends received – subsidiaries	–	–	–	24,500,396
Management fees	–	–	1,378,483	1,486,277
Foreign exchange gain/(loss)	79,861	850,775	(44,061)	850,775
Operating leases	(124,554)	(135,073)	(83,222)	(87,684)
Non-mining depreciation	(41,197)	(57,617)	(40,154)	(46,985)
Non-executive directors' fees	(223,376)	(205,120)	(223,376)	(205,120)
Executive directors' fees	(1,068,060)	(363,638)	(1,068,060)	(363,638)
Equity-settled share option expense (refer to note 33)	(127,053)	(43,452)	(105,515)	(14,558)
Cash-settled share option expense (refer to note 27)	(209,465)	(775,049)	(22,903)	(425,430)
Auditors fees	(198,979)	(135,515)	(112,073)	(79,397)
Salaries head office	(2,310,305)	(1,301,623)	(2,310,305)	(1,301,623)
Investor and public relations	(249,245)	(229,683)	(249,245)	(229,683)
New business	(230,304)	(1,629,808)	(230,304)	(1,629,808)
Evander Mines deal costs	(1,348,819)	–	(1,348,819)	–
Legal fees	(59,025)	(116,943)	(58,370)	(76,313)
Community projects	(1,462,907)	(1,183,416)	(310)	(9,378)
Profits arising from realised financial instruments (refer to note 29)	1,589,595	–	1,589,595	–
Profit on disposal of assets	11,768	–	–	–
Other net income/(expense)	319,839	(590,065)	(300,709)	(723,119)
	(5,652,226)	(5,916,227)	(3,229,348)	21,644,712

9 FINANCE INCOME/(COSTS)

	Group 30 June 2013 £	Group 30 June 2012 £	Company 30 June 2013 £	Company 30 June 2012 £
Interest received – bank	1,454,659	652,267	1,079,235	551,154
Interest paid – bank	(1,257,696)	(136,765)	–	–
Net finance income	196,963	515,502	1,079,235	551,154

	Group		Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	£	£	£	£
10 PROFIT BEFORE TAXATION				
Profit before taxation has been arrived at after charging:				
Management fee expense/(income)				
– Shanduka Gold Pty Ltd (Shanduka)	76,203	77,887	–	–
– Barberton Mines	–	–	(1,161,720)	(1,241,823)
– Phoenix Platinum	–	–	(216,763)	(244,453)
Equity-settled share option expense (refer to note 33)	127,053	43,452	105,515	14,558
Cash-settled share options expense (refer to note 27)	209,465	775,049	22,903	425,430
Mining depreciation	5,998,267	3,316,627	40,154	46,985
Impairment costs	16,143,604	48,238	18,058,860	–
Staff costs	36,636,229	23,779,383	2,310,305	1,301,623
Royalty costs	3,198,622	3,848,450	–	–
New business	230,304	–	230,304	–
Evander Mines deal costs	1,348,819	–	1,348,819	–
Operating leases	124,554	135,073	83,222	87,684
Impairment costs				
Property, plant and equipment and mineral rights (refer to note 16)	6,662,225	48,238	–	–
Phoenix Platinum inter-company investments (refer to note 34)	–	–	8,327,781	–
Investment in Auroch (refer to note 19)	9,481,379	–	9,731,079	–
	16,143,604	48,238	18,058,860	–
11 AUDITORS' REMUNERATION				
Fees payable to the Company's auditors for the audit of he Company's annual financial statements	9,000	12,077	9,000	12,077
Audit of the consolidated financial statements	68,973	58,824	68,973	58,824
Audit of the Company's subsidiaries pursuant to legislation	83,611	56,118	–	–
Under provision of audit fee in the prior year	37,395	8,496	34,100	8,496
Total audit fees	198,979	135,515	112,073	79,397
Other services rendered by the auditors				
Tax advisory services	14,000	–	14,000	–
Corporate finance services	271,491	–	271,491	–
Other	–	6,177	–	6,177
Total non-audit fees	285,491	6,177	285,491	6,177

All audit fees were paid within South Africa with the exception of £38,000 (2012: £32,000) which was paid in the United Kingdom. The majority of the £285,491 non-audit fee was paid to Deloitte in the United Kingdom and relates to corporate finance reviews* performed during the acquisition of Evander Mines, of which £266,764 has been deducted from share premium, as part of share issue costs.

* *Services performed were in respect of UK regulatory requirements in relation to the fund raising for the Evander acquisition and do not affect the external auditor's independence.*

	Group		Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	£	£	£	£
12 STAFF COSTS				
The average number of employees were:				
Corporate	14	12	14	12
Evander Mines	2,328	–	–	–
Phoenix Platinum	3	3	–	–
Barberton Mines	1,815	1,820	–	–
	4,160	1,835	14	12
Their aggregate remuneration comprised:				
Salary and wages	34,179,081	22,302,552	2,225,242	1,253,599
Other retirement costs (refer to note 30)	2,457,148	1,476,831	85,063	48,024
	36,636,229	23,779,383	2,310,305	1,301,623
13 TAXATION				
INCOME TAX EXPENSE				
South African normal taxation				
– current year	6,605,516	11,134,846	–	–
– prior year	48,535	–	–	–
Deferred taxation				
– current year	5,479,012	1,849,665	(289,876)	–
Total taxation charge	12,133,063	12,984,511	(289,876)	–
Profit before taxation	54,707,096	42,226,145	(20,947,423)	22,195,866
Taxation at the domestic taxation rate of 28%	15,317,987	11,823,321	(5,865,278)	6,214,842
(Exempt income)/Non-deductible expenses	(2,211,489)	12,167	5,056,481	(6,169,150)
Taxation rate differential	(973,435)	1,149,023	–	–
Tax effect of utilisation of tax losses	–	–	518,921	(45,692)
Taxation expense for the year	12,133,063	12,984,511	(289,876)	–
Effective taxation rates:	%	%	%	%
Statutory rate	28,00	28,00	28,00	28,00
Taxation rate differential	(1,78)	2,72	–	–
Non-deductible expenses/(exempt income)	(4,04)	0,03	(24,14)	(27,79)
Tax effect of utilisation of tax losses	–	–	(2,48)	(0,21)
Effective taxation rate	22,18	30,75	1,38	–

There are no significant unrecognised temporary differences associated with undistributed profits of overseas subsidiaries. South African income tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso that these deductions cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure, to be deducted from future mining income. At year-end the Group has £8,875,902 (2012: £11,999,313) of unredeemed capital expenditure carried forward and deductible against future profits, held within Phoenix Platinum. No deferred tax asset has been recognised in relation to this, as there is insufficient evidence of future taxable profits.

14 EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted earnings per share are based on the Group's profit for the year attributable to owners of the parent, divided by the weighted average number of shares in issue during the year.

	30 June 2013 Net profit £	Weighted average number of shares	Earnings per share (Pence)	30 June 2012 Net profit £	Weighted average number of shares	Earnings per share (Pence)
From continuing operations:						
Basic EPS	42,574,033	1,619,756,902	2.63	29,241,634	1,445,202,485	2.02
Share options	–	6,176,989	(0.01)	–	8,085,456	(0.01)
Diluted EPS	42,574,033	1,625,933,891	2.62	29,241,634	1,453,287,941	2.01

Headline earnings per share

Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.

Reconciliation between earnings and headline earnings from continuing operations:

	30 June 2013 Net profit £	Weighted average number of shares	Earnings per share (Pence)	30 June 2012 Net profit £	Weighted average number of shares	Earnings per share (Pence)
Earnings as reported	42,574,033	1,619,756,902	2.63	29,241,634	1,445,202,485	2.02
Adjustments:						
Impairment costs	16,143,604	–	0.99	48,238	–	0.01
Bargain purchase gain	(24,114,255)	–	(1.49)	–	–	0.00
Loss on disposal of asset held for sale	586,138	–	0.04	17,922	–	0.00
Headline earnings per share*	35,189,520	1,619,756,902	2.17	29,307,794	1,445,202,485	2.03
Share options	–	6,176,989	(0.01)	–	8,085,456	(0.01)
Diluted headline earnings per share	35,189,520	1,625,933,891	2.16	29,307,794	1,453,287,941	2.02

* *Headline earnings per share is required to be disclosed in terms of the Listings Requirements of the JSE Limited.*

	Group 30 June 2013 (Pence)	Group 30 June 2012 (Pence)
Net asset value per share	9.45	7.09
Tangible net asset value per share*	3.77	4.56

* *Total assets less goodwill, non-current assets held for sale ,non-current liabilities, current liabilities and mineral rights and mining property.*

NOTES
TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

15 DIVIDENDS

The board of directors has proposed a dividend of approximately ZAR240,000,000 million (£15,228,426[1]) for the 2013 year, equating to ZAR0.1314 per share (0.83p per share[1]), resulting in a dividend cover of 2.3 times. Because of the anticipated cash flow associated with the acquisition of Evander Mines, the board did not propose a dividend for the year ended 30 June 2012.

Note 1: The GBP proposed dividend was calculated based on 13 September 2013 closing exchange rate of ZAR15.76:1. The UK shareholders are to note that a revised exchange rate will be communicated prior to final approval at the AGM. Therefore the proposed dividend is approximately 0.83p.

16 PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS

	Land* £	Mineral rights and mining property £	Building and infra-structure £	Plant and machinery £	Capital under construction £	Shafts and exploration £	Other £	Total £
Group								
COST								
Balance at 30 June 2011	31,990	21,827,105	1,993,070	17,601,217	6,148,219	32,227,319	241,977	80,070,897
Transfer from other intangible assets***	–	120,885	–	–	–	–	–	120,885
Additions	170,041	814,845	263,455	2,544,706	9,938,461	3,603,515	89,883	17,424,906
Disposal	–	–	–	(18,876)	–	–	–	(18,876)
Impairment**	–	–	–	(48,238)	–	–	–	(48,238)
Foreign currency translation reserve	(13,332)	(4,208,205)	(317,765)	(2,813,744)	(1,433,315)	(5,105,568)	(41,454)	(13,933,383)
Re-classified as non-current assets held for sale	–	–	–	(742,089)	–	–	–	(742,089)
Balance at 30 June 2012	188,699	18,554,630	1,938,760	16,522,976	14,653,365	30,725,266	290,406	82,874,102
Arising from the acquisition of Evander Mines (refer to note 38)	2,472,770	83,465,070	16,223,711	41,574,902	17,577,384	–	–	161,313,837
Reclassification of software costs to other intangible assets	–	–	–	(715,792)	–	–	–	(715,792)
Transfer from other intangible assets*****	–	–	–	10,739,524	(10,739,524)	–	–	–
Additions	–	–	765,513	4,322,776	19,014,400	3,451,302	12,542	27,566,533
Disposal	–	–	–	(5,780)	–	–	–	(5,780)
Foreign currency translation reserve	(296,288)	(12,452,533)	(2,101,467)	(7,896,994)	(4,581,738)	(4,560,735)	(93,620)	(31,983,375)
Balance at 30 June 2013	2,365,181	89,567,167	16,826,517	64,541,612	35,923,887	29,615,833	209,328	239,049,525

ACCUMULATED DEPRECIATION

	Land* £	Mineral rights and mining property £	Building and infra-structure £	Plant and machinery £	Capital under construction £	Shafts and exploration £	Other £	Total £
Balance at 30 June 2011	–	(3,221,174)	(926,393)	(6,615,060)	–	(10,209,706)	(46,549)	(21,018,882)
Charge for the year****	–	(264,219)	(57,985)	(1,674,409)	–	(1,262,397)	(57,617)	(3,316,627)
Disposal	–	–	–	954	–	–	–	954
Re-classified as non-current assets held for sale	–	–	–	446,047	–	–	–	446,047
Foreign currency translation reserve	–	505,546	144,498	1,142,580	–	1,623,460	9,977	3,426,061
Balance at 30 June 2012	–	(2,979,847)	(839,880)	(6,699,888)	–	(9,848,643)	(94,189)	(20,462,447)
Reclassification of software costs to other intangible assets	–	–	–	174,105	–	–	–	174,105
Charge for the year****	–	(1,004,630)	(441,816)	(3,147,399)	(18,761)	(1,249,508)	(41,197)	(5,903,311)
Impairment******	–	(4,166,745)	–	(2,495,480)	–	–	–	(6,662,225)
Foreign currency translation reserve	–	494,536	151,754	1,148,749	1,462	1,473,432	24,097	3,294,030
Balance at 30 June 2013	–	(7,656,686)	(1,129,942)	(11,019,913)	(17,299)	(9,624,719)	(111,289)	(29,559,848)
CARRYING AMOUNT								
At 30 June 2012	188,699	15,574,783	1,098,880	9,823,088	14,653,365	20,876,623	196,217	62,411,655
At 30 June 2013	2,365,181	81,910,481	15,696,575	53,521,699	35,906,588	19,991,114	98,039	209,489,677

16 PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS continued

	Land* £	Mineral rights and mining property £	Building and infra-structure £	Plant and machinery £	Capital under construction £	Shafts and exploration £	Other £	Total £
COMPANY								
COST								
Balance at 30 June 2011	–	–	–	–	–	–	236,206	236,206
Additions	–	–	–	–	–	–	13,202	13,202
Foreign currency translation reserve	–	–	–	–	–	–	(39,114)	(39,114)
Balance at 30 June 2012	–	–	–	–	–	–	210,294	210,294
Additions	–	–	–	–	–	–	12,542	12,542
Foreign currency translation reserve	–	–	–	–	–	–	(28,331)	(28,331)
Balance at 30 June 2013	–	–	–	–	–	–	194,505	194,505

ACCUMULATED DEPRECIATION

	Land* £	Mineral rights and mining property £	Building and infra-structure £	Plant and machinery £	Capital under construction £	Shafts and exploration £	Other £	Total £
Balance at 30 June 2011	–	–	–	–	–	–	(46,549)	(46,549)
Charge for the year	–	–	–	–	–	–	(46,985)	(46,985)
Foreign currency translation reserve	–	–	–	–	–	–	9,449	9,449
Balance at 30 June 2012	–	–	–	–	–	–	(84,085)	(84,085)
Charge for the year	–	–	–	–	–	–	(40,154)	(40,154)
Foreign currency translation reserve	–	–	–	–	–	–	14,875	14,875
Balance at 30 June 2013	–	–	–	–	–	–	(109,364)	(109,364)
CARRYING AMOUNT								
At 30 June 2012	–	–	–	–	–	–	126,209	126,209
At 30 June 2013	–	–	–	–	–	–	85,141	85,141

* Details of land is maintained in a register held at the offices of Barberton Mines and Evander Mines, which may be inspected by a member or their duly authorised agents. The Group reviews the residual values used for purposes of depreciation calculations annually.

** *The final impairment of the Segalla Plant held at Barberton Mines, refer to note 35.*

*** *Reclassification of Phoenix Platinum exploration expenditures from exploration and evaluation assets to property, plant and equipment as per IFRS 6 ("Exploration for and evaluation of mineral resources") due to technical feasibility and commercial viability of the project being demonstrated (refer to note 17).*

**** *The direct mining depreciation, excluding other non-mining depreciation, totals £5,998,267 (this includes a depreciation charge of £136,153 in note 17) (2012: £3,259,010) as disclosed in the statement of comprehensive income. Other non-mining depreciation of £41,197 (2011: £57,617), is disclosed in other (expenses)/income in note 8.*

***** *Capitalisation of Phoenix Platinum on 1 July 2012 due to reaching steady state production.*

****** *During the year, as a result of falling commodity prices and operational problems arising since first production, the Group recorded an impairment charge of £6,662,225 in respect of Phoenix Platinum. The impairment was based on its estimated fair value (less cost to sell), using a post-tax real discount rate of 16.25% applied to estimated post-tax cash flows. The assumed long-term PGM 6E basket price was USD1,040/oz. It has been allocated between Phoenix Platinum (£2,495,480) and Corporate and Growth Projects (£4,166,745) segments.*

Mineral rights and mining property are depreciated over the life of mine (Barberton Mines, 17 years (2012: 17 years), Evander Mines, 14 years (2012: nil) and Phoenix Platinum, 20 years (2012: 17 years)).

	Notes	Group 30 June 2013 £	Group 30 June 2012 £
17 OTHER INTANGIBLE ASSETS			
SOFTWARE COSTS			
Balance at 30 June 2012/11		–	–
Reclassification of software costs from property plant and equipment and mineral rights	16	541,687	–
Current year depreciation		(136,153)	–
Foreign currency translation reserve		(65,050)	–
Balance at 30 June 2013/12		340,484	–
EXPLORATION AND EVALUATION ASSETS			
Balance at 30 June 2012/11		–	14,214,426
Exploration expenditure		–	505,273
Transfer to property, plant and equipment and mineral rights	16	–	(120,885)
Foreign currency translation reserve		–	(1,711,403)
Transfer to assets held for sale*	35	–	(12,887,411)
Balance at 30 June 2013/12		–	–

* *The exploration and evaluation assets transferred to non-current assets held for sale relate to the Manica project in Mozambique.*

18 GOODWILL

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ("CGU's") that are expected to benefit from that business combination. All the Group's goodwill has been allocated to Barberton Mines CGU.

	Group		Company	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Opening and closing balance	21,000,714	21,000,714	–	–

The Group tests the Barberton Mines goodwill carrying amount annually for impairment, or more frequently if there are indications that goodwill may be impaired. The goodwill carrying amount is not considered to be impaired and the review was performed in accordance with the Group's accounting policies.

The recoverable amounts of the CGU's are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates the discount rate using post-tax rate of 11.00% (2012:11.88%) for Barberton Mines, which reflect the current market assessments of the time value of money and the risks specific to the CGU to the extent not already reflected in the cash flows being discounted, an average gold price of ZAR400,000/kg ($1,261/oz) over the life of projects. The life of project was estimated at 17 years for Barberton Mines. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

19 INVESTMENTS AND INVESTMENTS IN ASSOCIATE

At 30 June 2013 the Company and Group held the following shares in subsidiary and associate undertakings:

				Group		Company	
Name of undertaking	Country of incorporation	Principal activity	Proportion of capital effectively held by Company	Carrying amount 30 June 2013	Carrying amount 30 June 2012	Carrying amount 30 June 2013	Carrying amount 30 June 2012
Barberton Mines	South Africa	Mining	100%	–	–	45,770,663	45,770,663
Phoenix Platinum	South Africa	Mining	100%	–	–	4,209,696	4,330,581
Auroch	Australia	Exploration	42%	1,182,606	–	1,182,606	–
Pan African Resources Funding Company Proprietary Limited*	South Africa	Finance	100%	–	–	263	–
Emerald Panther **	South Africa	Holding Company	100%	–	–	72,026,632	–
Other Investments				16,465	–	–	–
				1,199,071		123,189,860	50,101,244

	Group		Company	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Opening balance	–	–	50,101,244	50,101,244
Issue of share in Auroch Minerals NL (Auroch)	4,501,947	–	4,501,947	–
Loss in associate	(152,312)	–	(152,312)	–
Impairment of Investment in Auroch***	(3,167,029)	–	(3,167,029)	–
Impairment in Phoenix Platinum	–	–	(120,885)	–
Issue of shares in Emerald Panther Investments 91 (Pty) Ltd (Emerald Panther)/Evander Mines	–	–	72,026,632	–
Issue of shares in Funding Company	–	–	263	–
Other investments	16,465	–	–	–
Closing balance	1,199,071	–	123,189,860	50,101,244

* *Funding Company was established for the purpose of providing funding for the Group's activities.*

** *Emerald Panther is a company acquired to facilitate the acquisition of Evander Mines from Harmony, and therefore holds the investment in Evander Mines (refer to note 38). Emerald Panther holds 100% of Evander Gold Mines Ltd and Evander Gold Mining (Pty) Ltd, which are both incorporated in South Africa, and operate in mining.*

*** *During the year the Group disposed of its investment in the Manica exploration project to Auroch. The consideration (refer to note 35) partly comprised a 42% shareholding in Auroch which was recorded at fair value at the date of acquisition, and has been subsequently treated as an investment in associate. The transaction triggered a loss on disposal of £586,138 which took into consideration the Group's best estimate of the fair value of the related deferred consideration of £7,024,203 (refer to note 35), recorded as a non-current financial asset. At year-end the Group re-measured the recoverability of both its 42% shareholding and the deferred consideration and, due to a significant fall in the gold price and related challenges in the mining environment, recorded a £3,167,209 impairment against the carrying value of its direct shareholding (based on Auroch's year-end share price, being the best estimate of its fair value) and also fully impaired the £7,024,203 financial asset. The resulting total impairment charge (after exchange rate movements), was £9,481,379. Further details of the financial asset are included in note 29.*

	Barberton Mines £	Evander Mines £	Total £
20 REHABILITATION TRUST FUND			
Funds held in trust fund (refer to note 26)			
Opening balance as at 30 June 2012	3,013,385	–	3,013,385
Interest earned on the rehabilitation fund	115,970	–	115,970
Foreign currency translation reserve	(466,421)	–	(466,421)
Closing balance as at 30 June 2012	2,662,934	–	2,662,934
Arising from the acquisition of Evander Mines (refer to note 38)	–	16,282,652	16,282,652
Interest earned on the rehabilitation fund	123,839	68,676	192,515
Foreign currency translation reserve	(381,611)	(1,782,777)	(2,164,388)
Closing balance as at 30 June 2013	2,405,162	14,568,551	16,973,713

The cash arising from the fund contributions is held at Pan African Resources Group Rehabilitation Trust.
The amounts are invested in interest-bearing short-term investments or medium-term equity-linked notes issued by commercial banks.

	Group 30 June 2013 £	Group 30 June 2012 £	Company 30 June 2013 £	Company 30 June 2012 £
21 INVENTORIES				
Consumable stores	4,564,282	1,964,622	–	–
Mineral stocks	2,276,532	9,116	–	–
Provision for obsolete stock	(245,074)	(105,003)	–	–
	6,595,740	1,868,735	–	–
22 TRADE AND OTHER RECEIVABLES				
Trade receivables	10,812,937	4,176,485	1,194,826	17,977
Other receivables and prepayments	1,082,911	249,253	26,617	54,463
VAT receivable	2,008,568	853,530	–	–
Deposit paid*	–	1,548,779	–	1,548,779
	13,904,416	6,828,047	1,221,443	1,621,219

* *The deposit relates to a non-refundable amount paid to Harmony as a break fee with regards to the Evander Mines acquisition. This payment was deducted off the final purchase price as per the acquisition agreement, on 28 February 2013.*

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables of £36,051 (2012: £16,763) relating to other receivables, estimated by the Group's management based on the current economic environment and individual debtor circumstance. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the Group's credit policy. Rand Refinery (Pty) Ltd is the one major customer that represents more than 5% of the trade receivables balance for the individual companies (Barberton Mines and Evander Mines), and Western Platinum Limited (subsidiary of Lonmin PLC) is the one major customer that represents more than 5% of the trade receivables balance of Phoenix Platinum.

	Group 30 June 2013	Group 30 June 2012
The average credit period is:		
Number of days	30	15

The ageing of trade receivables increased due to the acquisition of Evander Mines and Phoenix Platinum reaching steady state production.

No interest is charged on trade receivables.

Before accepting any new customers, the Group uses a credit bureau or performs a credit assessment to assess the potential customer's credit limit and credit quality. The Group only transacts with credit-worthy customers and large institutions within South Africa.

The fair value of trade receivables is not materially different from the carrying value presented. No receivables have been pledged as security.

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	Group		Company	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Cash and cash equivalents	4,768,916	19,782,179	3,304,949	17,812,893
CREDIT FACILITIES				
The Group has the following credit facilities:				
Nedbank Limited revolving credit facility*	19,986,676	11,615,841	–	–
ABSA Bank Limited revolving credit facility*	19,986,676	–	–	–
Absa Bank Limited overdraft facility (held at Barberton Mines)	1,199,201	1,587,498	–	77,439
Absa Bank Limited credit card facilities	99,933	38,719	66,622	–
Guarantee**	2,570,414	1,143,979	–	–
USD trading facility***	6,329,114	7,356,700	–	–
	50,172,014	21,742,737	66,622	77,439

* *The Group has secured a five-year revolving credit facility with Nedbank Limited and ABSA Bank Limited. The facility carries an interest rate of the monthly JIBAR rate plus 2.8% margin, and is secured against a portion of Barberton Mines, Evander Mines and Phoenix Platinum property, plant and equipment. The unutilised portion of the revolving credit facilities held by Nedbank Limited and ABSA Limited, at 30 June 2013 was £28,980,680 (refer to note 27). The ABSA Limited overdraft facility at Barberton Mines remains unsecured and unitilised at year-end. The Barberton Mines overdraft facility attracts interest at prime in South Africa.*

** *The guarantees relate to £1,638,448 for Eskom (electricity utility) and £931,966 for the Department of Minerals and Resources (DMR).*

*** *The USD trading facility relates to trading facilities held by Barberton Mines for the purposes of trading USD for ZAR Rand on USD gold sales.*

24 SHARE CAPITAL

Authorised

	Group 30 June 2013 £	Group 30 June 2012 £	Company 30 June 2013 £	Company 30 June 2012 £
2,000,000,000 (2012: 2,000,000,000) ordinary shares of £0.01 each	20,000,000	20,000,000	20,000,000	20,000,000
Issued and fully paid-up 1,822,834,263 (2012: 1,448,262,361) ordinary shares of £0.01 each	18,228,342	14,482,623	18,228,342	14,482,623

The following cash issue of shares were made during the year:

During the year under review the Company announced the issue and allotment of 374,571,902 new ordinary shares in respect of share options exercised and rights offer issue:

- On 25 October 2012, 3,000,000 shares issued to Mr A Esterhuizen at 7 pence per share, in relation to share options exercised.
- On 17 January 2013, 370,071,902 shares issued as part of the rights offer issue at 14 pence per share, in relation to the acquisition of Evander Mines from Harmony.
- On 31 May 2013, 1,500,00 shares issued to Mr KC Spencer at 6 pence per share, in relation to share options exercised.

Current number of equity-settled share options outstanding at 30 June 2013 is 9,782,100 (2012: 14,282,100).

	Group		Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	£	£	£	£

25 TRADE AND OTHER PAYABLES

	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Trade and other payables	11,514,399	3,140,458	–	166,869
Accruals and other payables	10,671,829	4,532,185	743,051	681,689
VAT payable	189,708	37,086	189,708	38,011
Other	826,116	–	826,116	–
Total trade and other payables	23,202,052	7,709,729	1,758,875	886,569

	Group	
The average credit period is:	30 June 2013	30 June 2012
Number of days	59	25

The ageing of trade payables increased due to the acquisition of Evander Mines.

The fair value of trade payables is not materially different from the carrying value presented.

26 LONG-TERM PROVISIONS

	Group		Company	
	Decommissioning and Rehabilitation	Total	Decommissioning and Rehabilitation	Total
	£	£	£	£
Balance at 30 June 2011	3,386,591	3,386,591	–	–
Provided during the year	115,970	115,970	–	–
Foreign currency translation reserve	(458,607)	(458,607)	–	–
Balance at 30 June 2012	3,043,954	3,043,954	–	–
Provision arising from acquisition of Evander Mines (refer to note 38)	13,325,862	13,325,862	–	–
Provided during the year	359,172	359,172	–	–
Foreign currency translation reserve	(1,907,836)	(1,907,836)	–	–
Balance at 30 June 2013	14,821,152	14,821,152	–	–
Balance at 30 June 2012				
Long-term provisions	3,043,954	3,043,954	–	–
Current provisions	–	–	–	–
	3,043,954	3,043,954	–	–
Balance at 30 June 2013				
Long-term provisions	14,821,152	14,821,152	–	–
Current provisions	–	–	–	–
	14,821,152	14,821,152	–	–

Rehabilitation provision

The provision includes the estimate of the costs of decommissioning and the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control. Estimates are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by South African laws and regulations. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to decommission and rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the life of mine, which is estimated at 17 years for Barberton Mines and 14 years for Evander Mines.

The following rates were used in the calculation of the rehabilitation provision for the Group (includes, Barberton Mines, Evander Mines and Phoenix Platinum):

	30 June 2013	30 June 2012
Growth rate	6%	6.5%
Risk free rate	7.89%	7.96%

	Group		Company	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £

27 LONG-TERM LIABILITIES

	Group 30 June 2013 £	Group 30 June 2012 £	Company 30 June 2013 £	Company 30 June 2012 £
Cash-settled share options:				
Opening balance	797,513	69,456	429,565	27,329
Expense for the year	209,465	775,049	22,903	425,430
Foreign currency translation reserve	(127,724)	(46,992)	(61,787)	(23,194)
Closing balance	879,254	797,513	390,681	429,565
Post-retirement benefits:				
Opening balance	71,368	111,829	–	–
Arising from the acquisition of Evander Mines (refer to note 38)	65,434	–	–	–
Utilised for the year	(11,832)	(24,586)	–	–
Foreign currency translation reserve	(16,189)	(15,875)	–	–
Closing balance	108,781	71,368	–	–
Revolving credit facilities:				
Opening balance	–	–	–	–
Drawdowns	34,763,874	–	–	–
Finance costs incurred	852,998	–	–	–
Repayments of capital	(22,545,100)	–	–	–
Repayments of finance costs	(834,241)	–	–	–
Transfer to current portion	(864,218)	–	–	–
Foreign currency translation reserve	(1,228,388)	–	–	–
Closing balance	10,144,925	–	–	–
Total	11,132,960	868,881	390,681	429,565

	Group 30 June 2013 £	Group 30 June 2012 £
Current and non-current portions of revolving credit facilities		
Current portion – interest to be paid in the next 12 months	864,218	–
Non-current portion – interest to be paid after 12 months until full repayment	3,830,564	–
Non-current portion – capital to be paid on maturity	11,009,143	–
	15,703,925	–

Terms of the revolving credit facilities:

Interest rate:	Jibar (quoted at 5.05% at year-end)
Interest rate margin:	2.8%
Term of loan:	5 years
Repayment period:	Full repayment of the outstanding at the end of 5 years.
Final repayment date:	7 March 2018
Financial covenant limits:	The ratio of the net debt to equity must be less than 1:1 (measured on a half-yearly basis) The interest cover ratio (refer to note 29) must be greater than four times (measured on a half-yearly basis). The ratio of net debt to EBITDA (refer to note 29), as defined in the agreement, must be less than 2.5:1 (measured on a half- yearly basis)

27 LONG-TERM LIABILITIES (continued)

Bonds as security for revolving credit facilities

The following bonds were entered into by the Group:

Continuing covering mortgage bond B1534/2013 – Barberton Mines/Bowwood and Main No. 40 (Pty) Ltd.

Continuing covering mortgage bond B1740/2013 – Evander Mines/Bowwood and Main No. 40 (Pty) Ltd.

Special notarial bond BN6785/2013 – Barberton Mines/Bowwood and Main No. 40 (Pty) Ltd.

Special notarial bond BN6912/2013 – Evander Mines/Bowwood and Main No. 40 (Pty) Ltd.

General notarial bond BN7075/2013 – Barberton Mines/Bowwood and Main No. 40 (Pty) Ltd.

General notarial bond BN6592/2013 – Evander Mines/Bowwood and Main No. 40 (Pty) Ltd.

* *On 9 May 2011, the Company established a cash-settled share appreciation right programme entitling selected executives and employees of the Group, as approved by the board of directors of the Company, to be allocated notional shares in the Group. These notional shares confer the conditional right on the participant to be paid a cash settlement equal to the appreciation in the Company share price from the date of allocation to the date of surrender or deemed surrender of notional shares. Participation in the share appreciation programme is subject to the agreement of a selected participant and acceptance by said participant of the rules and regulations governing the share appreciation programme.*

Group cash-settled share options

The share appreciation settlement is determined no later than the sixth anniversary of the date that the notional shares are allocated. However, the participant can elect, subject to approval by the Companies Remuneration Committee (Remco), to surrender his/her notional shares and receive the share appreciation settlement at a date prior to the sixth anniversary date.

The share appreciation settlement is regarded as remuneration for income tax purposes and thus subject to the deduction of PAYE and all other taxes and contributions via the payroll of the relevant subsidiary. These taxes are for the account of the participant.

No share appreciation rights settlements can be made until after the period, calculated from the date the notional shares were allocated, until:

- Two years has elapsed, in which event not more than 25% of the total number of notional shares allocated,
- three years has elapsed, in which event not more than 50% of the total number of notional shares allocated,
- four years has elapsed, in which event all of the notional shares allocated,
- or any lesser amount of notional shares may be surrendered. Notional shares which a participant is entitled to surrender are referred to as “surrenderable notional shares”.

Remco may, by resolution, amend and postpone any of these vesting periods, with the consent of the participant concerned.
The participant is entitled, within a period of 60 days after the date of resignation, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation bonus in respect thereof. If the participant is subject to retirement (including early retirement approved by the Company after the age of 55 in terms of Company policy), retrenchment, death or permanent disability, the participant or the participant’s estate is entitled, within a period of six months after the termination date, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation settlement in respect thereof.

Details of the share options outstanding during the year, in relation to this scheme, are as follows:

	30 June 2013		30 June 2012	
	Weighted average exercise price (Rand)	Number of options	Weighted average exercise price (Rand)	Number of options
Outstanding at 1 July	1,15	31,863,103	1,15	33,669,103
Granted during the year	2,18	29,869,622	–	–
Exercised during the year	1,15	(967,500)	–	–
Forfeited in the year	1,15	(8,410,148)	1,15	(1,806,000)
Outstanding and exercisable at 30 June	1,74	52,355,077	1,15	31,863,103

Cash-settled share options are valued annually at fair value.
These fair values were calculated using the Binomial pricing model. The inputs in the model were as follows:

	30 June 2013	30 June 2012
Weighted average share price (ZAR)	2.10	1.96
Weighted average exercise/strike price (ZAR)	2.13	1.15
Expected volatility	45.00%	50.00%
Expected life	3 – 4 years	3 – 4 years
Risk free rate	7.00 – 7.54%	5.83 – 6.14%
Expected dividend yield	3.50%	4.00%

The Group recognised total expenses of £209,465 (2012: £775,049) relating to cash-settled share-based payments transactions during the reporting period.

27 LONG-TERM LIABILITIES (continued)

Vesting schedule 2013

Description	Grant date	Vesting period (years)	Vesting period (days)	Vesting date	Valuation (ZAR)	Options granted	Options expected to vest
Tranche 1	11 May 2011	2	731	11 May 2013	0.77	4,895,739	4,895,739
Tranche 2	11 May 2011	3	1 096	11 May 2014	0.77	5,863,239	5,863,239
Tranche 3	11 May 2011	4	1 461	11 May 2015	0.77	11,726,478	11,726,478
Tranche 1	6 March 2013	2	731	6 March 2015	0.79	1,762,450	1,762,450
Tranche 2	6 March 2013	3	1 096	6 March 2016	0.79	1,762,450	1,762,450
Tranche 3	6 March 2013	4	1 461	6 March 2017	0.79	3,524,900	3,524,900
Tranche 1	1 April 2013	2	731	1 April 2015	0.84	3,450,157	3,450,157
Tranche 2	1 April 2013	3	1 096	1 April 2016	0.84	3,450,157	3,450,157
Tranche 3	1 April 2013	4	1 461	1 April 2017	0.84	6,900,314	6,900,314
Tranche 1	1 May 2013	2	731	1 May 2015	0.90	1,276,730	1,276,730
Tranche 2	1 May 2013	3	1 096	1 May 2016	0.90	1,276,730	1,276,730
Tranche 3	1 May 2013	4	1 461	1 May 2017	0.90	2,553,461	2,553,461
Tranche 1	1 June 2013	2	731	1 June 2015	0.84	978,068	978,068
Tranche 2	1 June 2013	3	1 096	1 June 2016	0.84	978,068	978,068
Tranche 3	1 June 2013	4	1 461	1 June 2017	0.84	1,956,136	1,956,136
						52,355,077	52,355,077

Vesting schedule 2012

Description	Grant date	Vesting period (years)	Vesting period (days)	Vesting date	Valuation (ZAR)	Options granted	Options expected to vest
Tranche 1	9 May 2011	2	731	9 May 2013	0.97	7,965,776	7,189,113
Tranche 2	9 May 2011	3	1 096	9 May 2014	0.99	7,965,776	6,829,657
Tranche 3	9 May 2011	4	1 461	9 May 2015	1.01	15,931,551	12,976,348
						31,863,103	26,995,118

Participation in share-based and other long-term incentive schemes is restricted to employees and directors as described above.

	Note	Group 30 June 2013 £	Group 30 June 2012 £	Company 30 June 2013 £	Company 30 June 2012 £
28 DEFERRED TAXATION					
Deferred tax liabilities					
Property, plant and equipment		55,332,754	10,841,728	–	–
Provisions		(4,667,052)	(673,643)	–	–
Investment in rehabilitation trust		3,400,586	–	–	–
Other		(16,848)	(79,555)	–	–
Net deferred tax liabilities		54,049,440	10,088,530	–	–
Reconciliation of deferred tax liabilities:					
Net deferred liabilities at the beginning of the year		10,088,530	9,841,695	–	–
Transfer to deferred tax asset		79,555	–	–	–
Arising from the acquisition of Evander Mines	38	45,132,359	–	–	–
Deferred tax charge for the year	13	5,744,025	1,849,665	–	–
Deferred tax asset raised during the current year		(200,340)	–	–	–
Foreign currency translation reserve		(6,794,689)	(1,602,830)	–	–
Net deferred liabilities at the end of the year		54,049,440	10,088,530	–	–
Deferred tax assets					
Property, plant and equipment		57,139	–	–	–
Provisions		289,940	–	267,281	–
Other		(34,281)	–	–	–
		312,798	–	267,281	–
Reconciliation of deferred tax assets:	Note				
Net deferred assets at the beginning of the year		–	–	–	–
Transfer from deferred tax liabilities		79,555	–	–	–
Deferred tax credit for the year	13	265,013	–	289,876	–
Foreign currency translation reserve		(31,770)	–	(22,595)	–
Net deferred assets at the end of the year		312,798	–	267,281	–

Deferred tax assets not recognised for the Company amounted to £9,536 (2012: £169,980). These relate to assessed losses carried forward as a result of temporary differences.

Assessed loss carried forward for the Company amounted to £34,056 (2012: £607,071). Unredeemed capital expenditure in relation to Phoenix Platinum carried forward was £8,875,902 (2012: £11,999,313).

29 FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the sustainable return to shareholders through the optimisation of the debt and equity ratios. The Group's overall strategy remains unchanged from the prior year.

	Group		Company	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Components of capital and financial covenants:				
Cash and cash equivalents	(4,768,916)	(19,782,179)	(3,304,949)	(17,812,893)
Interest-bearing debt	11,009,143	–	–	–
Net interest-bearing liabilities/(assets)	6,240,227	(19,782,179)	(3,304,949)	(17,812,893)
Equity	172,208,237	102,625,655	124,671,062	99,707,934
Net debt to equity ratio (%)*	0.04	(0.19)	(0.03)	(0.18)
Finance costs of the revolving credit facilities	852,998	–	–	–
Earnings before interest and taxation	54,510,133	41,710,643	(22,026,658)	21,644,712
Interest cover ratio	64	–	–	–
Earnings before interest, taxation, depreciation and amortisation, impairment, bargain purchase gain, loss on associate and loss on disposal of asset held for sale ("EBITDA")	53,123,887	45,017,891	(3,381,660)	21,644,712
Net debt to EBITDA	0.12	(0.44)	0.98	(0.82)
Financial covenant limits:				
The ratio of the net debt to equity must be less than 1:1 (measured half-yearly).				
The interest cover ratio must be greater than four times (measured half-yearly).				
The ratio of Net Debt to EBITDA must be less than 2.5:1 (measured half-yearly).				
Categories of financial instruments:				
Financial assets:				
Cash and cash equivalents	4,768,916	19,782,179	3,304,949	17,812,893
Investment in associate	1,199,071	–	1,182,606	–
Receivables	10,812,937	4,176,485	1,194,826	17,977
Financial liabilities:				
Trade and other payables	22,186,228	7,672,643	743,051	849,483
Long-term liabilities	10,253,706	–	–	–
Current portion of long-term liabilities	864,218	–	–	–

* *Net debt is calculated on cash and cash equivalents less interest-bearing debt.*

All of the financial instruments above are carried at amortised cost.

29 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives

The Group seeks to minimise the effects of financial risks by using derivative financial instruments to hedge risk exposures where appropriate. The use of financial derivatives is governed by the Group's policies, approved by the board of directors which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with the policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative use.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables of £36,051 (2012: £16,763) relating to other receivables, estimated by the Group's management based on the current economic environment and individual debtor circumstance. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the Group's credit policy. Rand Refinery (Pty) Ltd is the one major customer that represents more than 5% of the trade receivables balance for the individual companies (Barberton Mines and Evander Mines), and Western Platinum Limited (subsidiary of Lonmin PLC) is the one major customer that represents more than 5% of the trade receivables balance of Phoenix Platinum.

	30 June 2013 £	30 June 2012 £
Customers above 5%:		
Rand Refinery (Pty) Ltd	8,379,514	2,570,181
Western Platinum Limited (subsidiary of Lonmin PLC)	1,387,795	–
	9,767,309	2,570,181

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and the gold price. Where appropriate, the Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and the commodity price risk. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk

The Group undertakes certain transactions in foreign currencies. Hence, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters. The Group specifically ensure USD receipts are converted into ZAR as quickly and economically as possible.

Commodity price risk

The Group may enter into forward contracts to hedge their exposure to fluctuations in gold prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from gold sales receipts.

Interest rate and liquidity risk

Fluctuations in interest rates impact on short-term investment and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. Cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions. Contractual arrangements for committed borrowing facilities are maintained to meet the Group's normal and contingent funding needs.

29 FINANCIAL INSTRUMENTS (continued)

Currency and commodity price risk

Currency and gold spot price	Closing rate at 30 June 2013	Average rate for the year ended 30 June 2013
Pound Sterling/ZAR exchange rate	15,01	13,84
USD gold spot price ($/oz)	1,192	1,587

Foreign currency/gold price sensitivity	Impact of 10% currency or gold price movement on profit £
2013	9,334,799
2012	6,411,352

The Pound Sterling carrying amount of the Group's foreign currency denominated monetary assets and liabilities at statement of financial position date is as follows:

	£*	Impact of 10% currency movement on translation reserve
2013		
Assets	26,748,411	24,316,737
Liabilities	24,066,270	21,878,427
2012		
Assets	28,478,961	25,889,965
Liabilities	11,062,459	10,056,781

* *The functional currency within the Group is ZAR therefore the sensitivity details the effect of the ZAR/GBP exchange rate on the foreign currency translation reserve.*

Commodity zero cost collar

The Group entered into a zero cost collar gold transaction during the year, no similar transactions were undertaken in the prior year. On 30 June 2013 the Group realised a profit of £1,589,595 upon agreeing to terminate the contract with ABSA Bank Limited.

Financial instruments (derivatives)	Group		Company	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Opening balance	–	–	–	–
Financial instruments during the year	1,589,595		1,589,595	
Fair valuing of financial instruments	–	–	–	–
Financial instruments realised during the year	(1,589,595)	–	(1,589,595)	–
Closing balance	–	–	–	–

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29 FINANCIAL INSTRUMENTS (continued)

Terms of the zero cost collar gold transaction

Call option terms:

Trade date	26 June 2013
Commodity	Gold
Total notional quantity	78,000 ounces (2,426 kilograms)
Option style	Asian
Option type	Call
Commodity option buyer	ABSA Bank Limited
Option term	From and including 31 May 2013, to and including 30 June 2015 (2 years)
Strike price per unit	ZAR518,500 per kilogram

Put option terms:

Trade date	26 June 2013
Commodity	Gold
Total notional quantity	78,000 ounces (2,426 kilograms)
Option style	Asian
Option type	Put
Commodity option buyer	ABSA Bank Limited
Option term	From and including 31 May 2013, to and including 30 June 2015 (2 years)
Strike price per unit	ZAR425,000 per kilogram

Interest rate risk

The Group is exposed to interest rate risk as entities within the Group borrow and invest funds at both fixed and floating interest rates.

Interest rate sensitivity

Based on the low level of interest-bearing balances on the statement of financial position, an interest rate sensitivity is not performed as the interest rate exposure for the Group is immaterial.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to financing facilities at Barberton Mines and its Funding company, of which the total unutilised portion as at 30 June 2013 is £28,980,680 (2012: £11,615,841) (refer to note 23). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

29 FINANCIAL INSTRUMENTS (continued)

Liquidity risk analysis

The following table indicates the Group's remaining contractual maturity from its financial liabilities:

	Weighted average interest rate £	Less than 12 months £	1 to 5 years £	Total £
Group				
2013				
Trade and other payables	–	22,186,228	–	22,186,228
Long-term liabilities (non-interest-bearing)	–	–	988,035	988,035
Long-term liabilities (interest-bearing)	7,85%	864,218	14,839,707	15,703,925
Other short-term liabilities	–	–	–	–
Group				
2012				
Trade and other payables	–	7,709,729	–	7,709,729
Long-term liabilities	–	–	868,881	868,881
Other short-term liabilities	–	–	–	–
Company				
2013				
Trade and other payables	–	743,051	–	743,051
Long-term liabilities	–	–	390,681	390,681
Other short-term liabilities	–	–	–	–
2012				
Trade and other payables	–	886,569	–	886,569
Long-term liabilities	–	–	429,565	429,565
Other short-term liabilities	–	–	–	–

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values.

Financial asset (right to future share)*	Group £ 30 June 2013
Opening balance	–
Right to future shares raised on sale	7,024,203
Foreign currency translation reserve	(460,153)
Closing balance before impairment	6,564,050
Impairment	(6,564,050)
Closing balance	–

* *The financial asset relates to the right to future shares in Auroch based on the future milestones being achieved. The milestones (as disclosed in note 35) are considered to have a low probability of being achieved due to the current challenging mining environment and commodity prices. Therefore the financial asset was fully impaired.*

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30 POST-RETIREMENT BENEFIT INFORMATION

All employees are required to be members of either the Barberton Pension Umbrella Fund, Sentinel Retirement Fund, Mine Workers Provident Fund or the Shanduka Group Provident Fund. These are defined contribution funds and are registered under and governed by the South African Pensions Fund Act, 1956, as amended. The assets of the scheme are held separately from those of the Group in funds and they are in the control of the trustees. The total costs charged to the Statement of Comprehensive Income of £2,457,148 (2012: £1,476,831) represent employer contributions payable to the schemes by the Group at rates specified in the rules of the scheme. The calculation of the provision for post-retirement medical benefits is performed internally by management using the South African Revenue Services life expectancy tables as the benefits payable are a fixed amount per pensioner. The balance of post-retirement medical benefits were £108,781 (2012: £71,368).

31 COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Group

Commitments

The Group had outstanding open orders contracted for at year-end of £4,840,876 (2012: £12,305,025).

Authorised commitments for the new financial year not yet contracted for totalled £9,626,040 (2012: £30,197,687).

Contingent liabilities

The Group had no contingent liability in the current financial year or prior year.

Guarantees

The Group had guarantees of £1,638,448 (2012: £298,345) in favour of Eskom, and £931,966 (2012: £226,122) in favour of the Department of Mineral Resources at year-end.

Company

There were no commitments, contingent liabilities and guarantees for the Company for the year ended 30 June 2013 (2012: nil).

32 DIRECTORS' EMOLUMENTS

The key management personnel for which remuneration has been disclosed below are considered to be the executive directors, non-executive directors and R Holding:

	Group	
	30 June 2013 £	30 June 2012 £
Executive		
Emoluments	1,068,059	363,638
Share options exercised	–	–
Total	1,068,059	363,638
Non-executive		
Emoluments	223,376	205,120
Total	223,376	205,120
Total remuneration	1,291,435	568,758

Individual	Share options exercised £	Basic remune-ration £	Retire-ment fund £	Life and disability plan £	Allowances £	Other Remune-ration £	Bonuses £	Total 2013 £	Total 2012 £
Executive									
Mr J Nelson #	–	144,990	–	–	11,561	719,653	49,399	925,603	262,755
Mr JAJ Loots *	–	–	–	–	–	–	–	–	39,091
Miss YB Sitole	–	83,809	11,224	1,716	17,627	–	28,081	142,457	61,792
Total	–	228,799	11,224	1,716	29,188	719,653	77,480	1,068,060	363,638

32 DIRECTORS' EMOLUMENTS (continued)

Individual	Share options exercised £	Basic remune-ration £	Retire-ment fund £	Life and disability plan £	Directors' fees £	Other remune-ration £	Bonuses £	Total 30 June 2013 £	Total 30 June 2012 £
Non-Executive									
Mr RG Still	–	–	–	–	48,497	–	–	48,497	46,102
Mrs P Mahanyele*	–	–	–	–	33,348	–	–	33,348	36,545
Mr KC Spencer	–	–	–	–	86,196	–	–	86,196	76,041
Mr CM Ramaphosa*	–	–	–	–	–	–	–	–	21,243
Mr JAJ Loots*	–	–	–	–	21,787	–	–	21,787	19,448
Mrs HH Hickey**	–	–	–	–	33,548	–	–	33,548	5,741
Total	–	–	–	–	223,376	–	–	223,376	205,120

Three highest paid non-executive directors	Share options exercised £	Basic remune-ration £	Retire-ment fund £	Life and disability plan £	Allowances £	Other remune-ration £	Bonuses £	Total 30 June 2013 £	Total 30 June 2012 £
P Human	85,285	114,355	9,354	–	6,541	–	40,665	256,200	–
R Holding	–	158,552	25,991	3,246	21,909	–	43,541	253,239	235,972
C Strydom	–	142,489	14,448	–	4,928	–	50,571	212,436	219,540

* *Directors' fees accruing to these directors are paid by the Company to Shanduka Group (Pty) Ltd.*
** *Director was appointed on 12 April 2012.*
# *Director resigned on 27 February 2013. Upon resignation Mr J Nelson received an additional payment of £719 653.*

Executive directors

Upon resignation of Mr J Nelson as CEO on 27 February 2013, R Holding and JAJ Loots were appointed as joint interim CEOs. During the year under review, Miss B Sitole was CFO.

Non-executive directors

During the year under review, the non-executive directors were Mr RG Still, Mr KC Spencer, Mrs P Mahanyele, Mr JAJ Loots and Mrs HH Hickey.

No retirement fund contributions are currently made by the Company on behalf of non-executive directors.

Non-executive directors are entitled to the following fees as approved annually by the Remuneration Committee for services rendered, based on their appointment to the respective board sub-committees, and meetings attended:

	30 June 2013 Chairperson/ Deputy chairperson £	30 June 2012 Chairperson/ Deputy chairperson £	30 June 2013 Member £	30 June 2012 Member £
Board of directors Chairman	37,795	39,834	–	–
Board of directors Deputy Chairman	22,232	23,432	–	–
Board of directors	–	–	17,341	18,277
Remuneration Committee	6,670	7,030	4,446	4,686
Audit Committee	6,670	7,030	4,446	4,686
SHEC Committee	6,670	7,030	4,446	4,686
Nominations Committee	6,670	7,030	4,446	4,686

32 DIRECTORS' EMOLUMENTS (continued)

	Total options outstanding 1 July 2012	Grant date	Strike price (pence)	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price (pence)	Transferred out	Total options 30 June 2013
Mr KC Spencer	3,000,000	21 July 2008	5.2	(1,500,000)	24 May 2013	(5.2)	–	1,500,000
Total	3,000,000		–	(1,500,000)		–	–	1,500,000

	Total options outstanding 1 July 2011	Grant date	Strike price (pence)	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price (pence)	Transferred out	Total options outstanding 30 June 2012
Mr J Nelson	6,000,000	21 July 2005	2.0	(6,000,000)	6 October 2010	(2.0)	–	–
Mr R G Still	4,000,000	9 August 2004	2.5	(4,000,000)	4 November 2010	(2.5)	–	–
Mr K C Spencer	3,000,000	21 July 2008	5.2	–		–	–	3,000,000
Total	13,000,000		–	(10,000,000)		–	–	3,000,000

Directors' dealings in shares

During the year under review Mr R Holding had participated in the following transactions in the Company's shares:

- On 11 January 2013 subscribed for 127,500 shares at ZAR1.90 per share in the Group's rights offer issue.
- On 3 March 2013 purchased 125,000 shares at a price of ZAR2.16 per share.
- On 22 April 2013 purchased 100,000 shares at a price between ZAR1.90 and ZAR1.95 per share.

At 30 June 2013 Mr R Holding held a total of 852,500 (2012: 500,000) shares representing 0.05% of the issued share capital.

During the year under review Mr J Nelson had participated in the following transactions in the Company's shares:

- On 11 January 2013 purchased 13,157 shares at ZAR1.90 per share in the Group's rights offer issue.
- On 24 February 2013 sold 135,600 shares at a price of ZAR2.65 per share.

Mr J Nelson had 1,000,000 shares remaining upon his resignation on 1 March 2013 (2012: 1,122,442) shares, representing 0.05% of the issued share capital.

During the year under review Mr JAJ Loots had participated in the following transactions in the Company's shares:

- On 11 January 2013 purchased 16,575 shares at ZAR1.90 per share in the Group's rights offer issue.
- On 1 March 2013 purchased 100,000 shares at GBP0.16 per share.

At 30 June 2013 Mr JAJ Loots held a total of 181,575 (2012: 65,000) shares representing 0.01% of the issued share capital.

During the year under review Mr KC Spencer had participated in the following transaction in the Company's shares:

- On 31 May 2013 1,500,000 shares were issued to Mr KC Spencer at ZAR0.83 per share, in relation to share options exercised.

At 30 June 2013 Mr KC Spencer held a total of 1,500,000 shares (2012: nil), representing 0.08% of the issued share capital.

32 DIRECTORS' EMOLUMENTS (continued)

During the year under review Mr RG Still had participated in the following transactions in the Company's shares (both in his personal capacity and related entities):

Mr RG Still in his personal capacity:

- On 11 January 2013 purchased 510,000 shares at ZAR1.90 per share in the Group's rights offer issue.

At 30 June 2013 Mr RG Still in his personal capacity, held 2,510,000 (2012: 2,000,000) shares, representing 0.14% of the issued share capital.

Mr RG Still related entities dealings:

Mr RG Still is a director of Pangea Exploration (Proprietary) Limited (Pangea) and a trustee of a family trust (The Alexandra Trust) which owns 50% of Pangea. Mr RG Still is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company and Pangea holds 0.12% of the current issued share capital of the Company. Mr RG Still is also a deemed to have an indirect, non-beneficial interest in The Alexandra Trust's holding in the Company.

During the year under review The Alexandra Trust and Pangea had the following dealings in shares:

Pangea

- On 11 January 2013 Pangea purchased 457,418 shares at ZAR1.90 per share in the Group's rights offer issue.

At 30 June 2012 Pangea held a total of 2,251,214 (2012: 1,793,796) shares representing 0.12% of the issued share capital.

Alexandra Trust

- On 11 January 2013 purchased 3,169,880 shares at ZAR1.90 per share in the Group's rights offer issue.
- On 11 January 2013 purchased additional 72,836 shares at ZAR1.90 per share in the Group's right offer issue, in an application for surplus rights offer shares.
- On 30 April 2013 sold 1,700,000 shares at a price of ZAR2.22 per share.
- On 8 May 2013 sold 1,000,000 shares at a price of ZAR2.24 per share.
- On 9 May 2013 sold 1,100,000 shares at a price of ZAR2.34 per share.
- On 10 May 2013 sold 200,000 shares at a price of ZAR2.35 per share.

At 30 June 2013 The Alexandra Trust held a total of 11,673,616 (2012: 12,430,900) shares representing 0.64% of the issued share capital.

Shanduka Gold (Pty) Ltd – Directors' dealings

Mr JAJ Loots and Mrs P Mahanyele, at 30 June 2013 were permanent employees of the Shanduka Group (Pty) Ltd (Shanduka Group), the ultimate holding company of Shanduka. Mrs P Mahanyele is a shareholder of the Shanduka Group, and further holds options to acquire shares in the Shanduka Group. Mr JAJ Loots also holds options to acquire shares in the Shanduka Group. Neither Mr JAJ Loots nor Mrs P Mahanyele owns or has options to acquire more than 2% of the Shanduka Group.

Shanduka sold the following nil paid letters prior to the Group's rights issue:

- Between 13 December 2012 and 2 January 2013, sold 23,183,516 nil paid letters at a price range of between ZAR0.36 and ZAR0.50.

Shanduka subscribed for 70,189,473 shares at R1.90 in the Group's rights offer issue.

At 30 June 2013 Shanduka held 436,358,058 shares, representing 23.94% of the issued share capital.

Shanduka at 30 June 2013 held 436,358,058 shares, representing 23.94% of the issued share capital.

Cash-settled options

	Total options outstanding 1 July 2012	Grant date	Strike price (pence)	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price (pence)	Options forfeited	Total options 30 June 2013
Mr J Nelson *	5 805 000	Monday, 9 May 2011	0.11	–	–	–	(5,805,000)	–
Mr R Holding**	5 127 134	Monday, 9 May 2011	0.11	–	–	–	–	5,127,134
Mr C Strydom**	4 650 000	Monday, 9 May 2011	0.11	–	–	–	–	4,650,000
Mr A van den Bergh**	3 625 177	Monday, 9 May 2011	0.11	–	–	–	–	3,625,177
Miss B Sitole	1 619 487	Tuesday, 1 May 2012	0.14	–	–	–	–	1,619,487
	20 826 798		0.11	–	–	–	(5,805,000)	15,021,798

* *Executive director – resigned on 27 February 2013..*

** *Highest paid non-directors.*

33 EQUITY-SETTLED SHARE OPTIONS

On 1 September 2005, the Company established a share option programme relating to equity-settled share options entitling specific employees, officers, directors and qualifying consultants as approved by the board of directors of the Company and its subsidiaries to purchase shares in the Company. The share option exercise price is determined using the closing price at which shares are traded on the JSE or AIM (as determined by the board of directors), on the trading date immediately preceding the date upon which the board authorised the grant of the opportunity to acquire the relevant share options, as the case may be to a participant. Pursuant to resolutions of the board passed in accordance with the rules of the share option programme, share options may be released from the share option programme to participants, share options may be exercised by participants and allocation shares may be, delivered to participants as follows for allocations prior to 21 July 2008:

- 33.33% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant,
- up to 66.67% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant,
- the balance of the shares allocated after three years have elapsed from the grant date by the participant of the grant,

and for allocations subsequent to 21 July 2008 as follows:

- 25% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant,
- up to 50% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant,
- up to 75% of the total number of shares allocated after three years have elapsed from the grant date by the participant of the grant,
- the balance of the shares after four years have elapsed from the grant date by the participant of the grant; provided that the board may, at its discretion, anticipate or postpone such dates.

An option holder may not exercise a share option under the share option programme by later than the end of the year preceding the tenth anniversary of the grant date. Upon death of an option holder the estate would be entitled to exercise the options vested to date within 12 months of the date of death, if the options are not exercised the total available share options would lapse. The directors have the discretion to approve the vesting of the deceased total number of unvested share options.

The number of vested share options to which an option holder is entitled to expires after a period of six months due to resignation, retirement, redundancy or disability of the option holder.

The number and weighted average exercise price of share options is as follows:

	30 June 2013		30 June 2012	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 July	6.4p	14,282,100	5.2p	18,503,750
Exercised during the year	6.5p	(4,500,000)	6.3p	(4,221,650)
Outstanding 30 June	6.4p	9,782,100	6.4p	14,282,100
	Vested	Unvested	Vested	Unvested
Total number share options at year-end	9,782,100	–	10,112,100	4,170,000

The fair value of services received for share options granted is based on the fair value of share options granted, measured by using for all issues prior to 20 March 2010 a Black-Scholes model and a variant of the Binomial model for issues on the 20 March 2010, with the following inputs:

	Last fair value measurements	
	30 June 2010	30 June 2008
Share price	R0.68	R0.62
Exercise price	R0.68	R0.70
Expected volatility	58.61%	72.39%
Expected life	3 to 6 years	1 to 3 years
Risk-free interest rate	8.15%	5.31%

33 EQUITY-SETTLED SHARE OPTIONS (continued)

A Company dividend rate has not been determined and therefore is not taken into account in option fair value calculations. The volatility of the Company's share price on each date of grant was calculated as the average of volatilities of share prices of the Company on the corresponding dates. The volatility of share price of the Company was calculated as the average of annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over 1 to 4 years back from the date of grant. Therefore, volatility of the Company's share prices was calculated over the period commensurate with the expected life of the options under consideration, giving more weight to more recent historical data to account for volatility persistence.

There are no market conditions attached to the exercise of the share options.

The Group recognised total expenses of £127,053 (2012: £43,452) related to equity-settled share-based payment transactions during the reporting period.

Participation in share-based and other long-term incentive schemes is restricted to employees and directors.

34 RELATED PARTY TRANSACTIONS

The Group entered into the following transactions and held year-end balances with related parties:

	Statement of Comprehensive Income transactions		Statement of Financial Position transactions	
	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Company				
– Dividends received from Barberton Mines	–	(24,500,396)	–	–
– Fee received from Barberton Mines	(1,161,720)	(1,241,823)	–	–
– Fee Received from Phoenix Platinum	(216,763)	(244,453)	–	–
– Directors' fees paid to Shanduka	55,136	116,328	–	–
Receivable from other Group Companies				
– Barberton Mines	–	–	1,194,826	–
– Evander Mines	–	–	4,210,542	–
– Phoenix Platinum***	–	–	8,314,398	19,505,668
Payable to other Group Company				
– Evander Mines	–	–	–	–
– Barberton Mines (loan payable)	–	–	(13,772,763)	(1,298,235)
– Funding Company	–	–	(233)	–
Payable to other related parties				
– Fee payable to Shanduka **	–	–	–	(28,058)
Barberton Mines				
– Dividends paid to Company	–	24,500,396	–	–
– Fees paid to Company	1,161,720	1,241,823	–	–
– Fees paid to Shanduka	76,203	77,887	–	–
Receivable from other Group Companies				
– Receivable from Company	–	–	13,772,763	1,298,235
Payable to other Group Companies				
– Accounts payable to Company	–	–	(1,194,826)	–
Funding Company				
– Finance income from Evander Gold Mining (Pty) Ltd	(865,245)	–	–	–
Receivable from other Group Companies				
– Receivable from Company	–	–	233	–
– Receivable from Evander Mines	–	–	10,988,018	–

Company	Statement of Comprehensive Income transactions 30 June 2013 £	Statement of Comprehensive Income transactions 30 June 2012 £	Statement of Financial Position transactions 30 June 2013 £	Statement of Financial Position transactions 30 June 2012 £
34 RELATED PARTY TRANSACTIONS (continued)				
***Phoenix Platinum				
– Fees paid to Company	216,763	244,453	–	–
Payable to other Group Companies				
– Payable to Company***	–	–	(8,314,398)	(19,505,668)
Evander subsidiaries				
Receivable from other Group Company				
– Receivable from Evander Gold Mining (Pty) Ltd	–	–	8,480,858	–
Payable to other Group Company				
– Payable to Evander Gold mining (Pty) Ltd	–	–	(198,369)	–
Evander Gold Mines Ltd****				
– Gold sales invoiced to Evander Gold Mining (Pty) Ltd	(26,363,367)	–	–	–
– Cost of gold Production from Evander Gold Mining (Pty) Ltd	26,102,343	–	–	–
Receivable from other Group Company				
– Receivable from Evander Gold Mining (Pty) Ltd	–	–	27,711,569	–
– Receivable from Evander subsidiaries	–	–	198,369	–
Payable to other Group Company				
– Payable to Evander Gold Mining (Pty) Ltd	–	–	(27,570,010)	–
– Payable to Evander subsiadiaries	–	–	(8,480,858)	–
Evander Gold Mining (Pty) Ltd****				
– Gold purchases from Evander Gold Mines Ltd	(26,102,343)	–	–	–
– Cost of gold production income invoiced to Evander Gold Mines Ltd	26,363,367	–	–	–
– Finance costs paid to Funding Company	865,245	–	–	–
Receivable from other Group Company				
– Receivable from Evander Gold Mines Ltd	–	–	27,570,010	–
– Payable to Evander Gold Mines Ltd	–	–	(27,711,569)	–
Payable to other Group Companies				
– Payable to Funding Company	–	–	(10,988,018)	–
– Payable to Company	–	–	(4,210,542)	–

* *These related party transactions related to Pan African and eliminate on consolidation.*

** *Included in trade and other payables.*

***Company loan to Phoenix Platinum reconciliation:

	Company 30 June 2013 £
Carrying amount of loan before impairment	16,642,179
Impairment of inter-company loan	(8,327,781)
Net carrying amount inter-company loan	8,314,398

Total investment by Company, held in Phoenix Platinum comprises the acquisition investment and a inter-company loan. At year-end the inter-company loan was impaired due to external (reduction in metal prices) and internal (reduction in production, and lower plant mine recoveries) indicators. The impairment was calculated using a weighted average cost of capital (WACC) of 16.25%.

**** *Evander Gold Mines Ltd and Evander Gold Mining (Pty) Ltd are collectively referred to as Evander Mines due to a interim-mining arrangement in place since 1 March 2013.*

35 NON-CURRENT ASSET HELD FOR SALE

The carrying value of non-current assets held for sale on 30 June 2013 are as follows:

	Group		Company	
Description	30 June 2013 £	30 June 2012 £	30 June 2013 £	30 June 2012 £
Opening balance	13,135,215	–	13,155,070	–
Explorator Limitada*	–	12,887,411	–	9,996,393
– Transferred from intangibles*	–	12,887,411	–	–
– Transferred from inter-company loan account*	–	–	–	9,996,393
Explorator Limitada – transferred from investments*	–	–	–	88,972
Mistral Resource Development Corporation – transferred from investments*	–	–	–	584,705
Brampton Capital Overseas Limited – transferred from investments*	–	–	–	2,485,000
Barberton Mines – Segalla Plant**		247,804	–	–
Disposal of Manica projects***	(12,887,411)	–	(12,887,411)	–
Foreign currency translation reserve	(34,613)	–	(267,659)	–
	213,191	13,135,215	–	13,155,070

* The Company had in the prior year agreed to sell free of encumbrances its wholly-owned subsidiary, Mistral's shareholdings' to Auroch for a AU$2,000,000 cash consideration and 25,000,000 consideration shares in Terranova, with an option to receive additional Deferred Cash Consideration (if payable) and Deferred Consideration Shares (if to be issued), the details of which are set out below. The disposal of our Manica exploration project (which is accounted for within the corporate and growth segment) allows us to remain focused on our strategy of the development and growth of our South African-based operating assets.

Should at any time during the period of four years from the date of the completion of the Transaction any of the deferred consideration Milestones be achieved, then Auroch would pay the Company the following deferred cash consideration payments upon achievement of each of the milestones as set out below:

- AU$1,000,000 upon achievement of the 400koz Milestone 1.
- AU$1,000,000 upon achievement of the 1,000koz Milestone 2.
- AU$1,000,000 upon achievement of a Bankable Feasibility Study Milestone.
- AU$1,000,000 upon achievement of a Capacity Milestone.

collectively, the Deferred Cash Consideration.

In addition, Auroch would issue to the Company the deferred consideration shares upon the achievement of certain milestones as set out below:

- 20,066,667 shares to be issued upon achievement of the 400koz Milestone 1.
- 20,066,667 shares to be issued upon achievement of the 1,000koz Milestone 2.
- 24,366,667 shares to be issued upon achievement of the Bankable Feasibility Study Milestone or at Auroch's election payment of AU$7,310,000 in cash.
- 7,166,667 shares to be issued upon achievement of the Capacity Milestone, or at Auroch's election, payment of AU$2,150,000 in cash, collectively, the Deferred Consideration Shares.

Milestone 1 – 400koz Milestone means delineation of at least 400,000 ounces of JORC Inferred gold Resource of oxide ore with a cut off grade of 1.25g/t being defined on the Northern and/or Southern shear zones of the Mining Concession (including the existing 90,000 ounces of JORC Inferred gold Resource of oxide ore at a cut off grade of 1.25g/t that has already been delineated on the Mining Concession). Milestone 2 – 1,000koz Milestone means delineation of at least 1,000,000 ounces of a Joint Ore Reserves Committee Code (JORC) Inferred gold Resource of oxide ore with a cut off grade of 1.25g/t being defined on the Northern and/or Southern shear zones of the Mining Concession (including the existing 90,000 ounces of JORC Inferred gold Resource of oxide ore at a cut off grade of 1.25g/t that has already been delineated on the Mining Concession and any ounces of JORC Inferred gold Resource of oxide ore that satisfied the 400koz Milestone).

*** During the year the Group completed this disposal, as described further in note 19. A loss on disposal arose as follows:

NOTES
TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Company £
35 NON-CURRENT ASSET HELD FOR SALE (continued)	
Issue of share in Auroch (refer to note 19)	4 501 947
Deferred consideration	7,024,203
	11,526,150
Foreign currency translation reserve	775,123
Net book value	(12,887,411)
Loss on disposal of asset held for sale	586,138

** The decision was taken in the prior financial year to sell the Segalla plant, at Barberton Mines. An offer of £213,191 was received for the plant.

	Group 30 June 2013 £	Group 30 June 2012 £
Opening balance	247,804	–
Cost	–	742,089
Accumulated depreciation	–	(446,047)
Impairment	–	(48,238)
Foreign currency translation reserve	(34,613)	–
Net book value	213,191	247,804

36 EVENTS AFTER THE REPORTING PERIOD

The Company announced on 2 September 2013 that a new issue of ordinary shares of 1p each had been made following the exercise of share options granted in 2007 under the Company's share option plan. The share issue was for 3,000,000 shares at a price of ZAR0.83 per share to an ex-employee.

The Company announced the following appointments and resignations on 4 September 2013:

- Mr R Holding was appointed as the chief executive officer effectively immediately.
- Miss B Sitole resigned as the financial director, effective 30 September 2013 to focus on personal commitments.
- Mr JAJ Loots was appointed as the new financial director effective 1 October 2013. Mr JAJ Loots has held positions both as the prior financial director and as a non-executive director within the Group.

37 RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(USED IN) OPERATIONS

	Group 30 June 2013 £	Group 30 June 2012 £
Profit before taxation	54,707,096	42,226,145
Adjusted for	2,092,224	7,516,314
Dividends received	–	–
Impairment	16,143,604	48,238
Equity-settled and cash-settled share options costs	336,518	818,501
Net finance income	(196,963)	(515,502)
Profit on disposal of assets	(11,768)	–
Royalty costs	3,198,622	3,848,450
Bargain purchase gain	(24,114,255)	–
Loss on disposal of asset held for sale	586,138	–
Loss on associate	152,312	–
Non-mining depreciation	41,197	57,617
Mining depreciation	5,998,267	3,259,010
Other	(41,448)	–
Operating cash flows before working capital changes	56,799,320	49,742,459
Working capital changes	4,818,817	(650,582)
Increase in inventories	(871,992)	(411,533)
(Increase)/decrease in trade and other receivables	(4,666,510)	(1,024,867)
Increase/(decrease) in trade and other payables	10,043,929	(139,062)
Non-cash items	313,390	924,880
Cash generated by/(utilised in) operations	61,618,137	49,091,877
Income taxes paid	(10,116,451)	(8,364,216)
Royalties paid	(3,549,657)	(3,251,717)
Net finance income	313,508	515,502
Dividends paid	–	(7,416,176)
Net cash from/(used in) operating activities	48,265,537	30,575,270
Taxation paid during the year:	£	£
Taxation charge per the statement of comprehensive income	12,133,063	12,984,511
Less: Deferred taxation	(5,479,012)	(1,849,665)
	6,654,051	11,134,846
Taxation payable at beginning of the year	2,870,283	689,543
Taxation receivable/(payable) at end of the year	1,322,671	(2,878,642)
Foreign currency translation reserve	(730,554)	(581,531)
Taxation paid during the year	10,116,451	8,364,216

	Group	
	30 June 2013	30 June 2012
	£	£
37 RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(USED IN) OPERATIONS (continued)		
Royalty paid during the year:		
Royalty costs payable at beginning of the year	482,447	76,991
Royalty costs receivable acquired	(33,436)	–
Royalty costs payable at end of the year	156,668	(474,087)
Royalty costs charge for the year	3,198,622	3,848,450
Foreign currency translation reserve	(254 644)	(199,637)
Royalty paid during the year	3,549,657	3,251,717

38 ACQUISITION OF EVANDER MINES

On 28 February 2013, the Group acquired 100% of the recorded voting shares of Evander Mines, thus obtaining control of Evander Mines. Cash consideration paid for the acquisition was ZAR1,313,104,110. It was determined that this transaction represents a business combination with Emerald Panther identified as the acquirer. The Group began consolidating the operating results, cash flows and net assets of Evander Mines from 1 March 2013. Evander Mine was a public unlisted mining company that was wholly owned by Harmony. The tables below present the purchase cost and our provisional allocation of the purchase price to the assets and liabilities acquired. This allocation was calculated as at the date of acquisition to reflect the provisional determination of the fair values of the assets and liabilities acquired. The significant adjustments were to increase property, plant and equipment by ZAR1,057,772,388 and deferred income taxes by ZAR464,741,606, with a corresponding bargain purchase gain of ZAR322,443,757 recognised in the consolidated results. There were no significant adjustments made to the consolidated statements of comprehensive income after applying these adjustments retroactively to the acquisition date.

	28 February 2013	
Purchase cost	ZAR	£
Purchase consideration (based on 1 October 2012 effective date)	1,500,000,000	112,178,888
Increased consideration (for the period 1 October 2012 to 28 February 2013)	23,104,110	1,727,862
Dividend payment by Evander Mines	(210,000,000)	(15,705,044)
	1,313,104,110	98,201,706
Cash acquired with Evander Mines	(29,354,529)	(2,195,306)
Net cash consideration	1,283,749,581	96,006,400
The purchase consideration was funded entirely by cash, as follows:		
Rights issue	707,301,534	50,321,260
Proceeds from long-term debt	350,000,000	25,729,051
Break fee paid from operational cash	50,000,000	3,739,296
Operational cash	205,802,576	15,391,136
Foreign currency translation reserve	–	3,020,963
	1,313,104,110	98,201,706

38 ACQUISITION OF EVANDER MINES (continued)

Summary of final purchase price allocation	Fair value at acquisition ZAR	Fair value at acquisition £
Property, plant and equipment	2,157,007,971	161,313,837
Other non-current assets		–
Other investments	257,129	19,230
Environmental trust fund	217,723,481	16,282,652
Other non-current assets	3,059,085	228,775
Current assets		–
Inventory	51,547,305	3,855,013
Trade and other receivables	32,223,423	2,409,859
Cash	29,354,529	2,195,306
Non-current liabilities		–
Deferred tax	(603,487,340)	(45,132,359)
Provision for environmetal rehabilitation	(178,186,760)	(13,325,862)
Provision for post-retirement benefit	(874,951)	(65,434)
Current liabilities		–
Trade and other payables	(72,853,204)	(5,448,394)
Tax liability	(222,801)	(16,662)
Net assets acquired at fair value	1,635,547,867	122,315,961
Bargain purchase gain*	(322,443,757)	(24,114,255)
Effective purchase price	1,313,104,110	98,201,706

**The bargain purchase gain arose due to net consideration paid being less than the fair value of assets and liabilities acquired.*

In accordance with the acquisition method of accounting, the acquisition cost has been allocated to the underlying assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition. BDO Corporate Finance was used to assist the Group in determining the fair value of the mining rights and property plant and equipment acquired.

Evander Mines results, post- and pre-acquisition	Revenue £	Profits after tax £
Post-acquisition revenue, profit/(loss) (from 1 March 2013 to 30 June 2013)	31,712,557	7,968,404
Pre-acquisition revenue, profit/(loss) (from 1 July 2012 to 28 February 2013)	64,447,224	9,499,890
Evander results for the financial year under review	96,159,781	17,468,294

NOTES
TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

39 SHAREHOLDER ANALYSIS

Register date: 28 June 2013
Issued share capital: 1,822,834,263 shares

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	549	8.82	262,464	0,01
1 001 – 10 000 shares	2,349	37.73	11,431,742	0,63
10 001 – 100 000 shares	2,490	39.99	81,519,334	4,47
100 001 – 1 000 000 shares	637	10.23	190,070,823	10,43
1 000 001 shares and over	201	3.23	1,539,549,900	84,46
Total	6,226	100.00	1,822,834,263	100,00
Distribution of shareholders				
Banks	4	0.06	198,127	0.01
Brokers	19	0.31	18,193,900	1.00
Close Corporations	96	1.54	7,306,460	0.40
Endowment Funds	21	0.34	5,282,665	0.29
Individuals	5,014	80.53	160,003,442	8.78
Insurance Companies	28	0.45	35,931,883	1.97
Investment Companies	7	0.11	27,258,780	1.50
Medical Aid Schemes	12	0.19	7,221,633	0.40
Mutual Funds	111	1.78	400,633,796	21.98
Nominees and Trusts	633	10.17	404,667,204	22.20
Other Corporations	61	0.98	1,508,056	0.08
Pension Funds	129	2.07	290,848,924	15.96
Private Companies	73	1.17	457,332,365	25.09
Public Companies	18	0.30	6,447,028	0.35
Total	6,226	100.00	1,822,834,263	100.00
Public/non-public shareholders				
Non-public shareholders	6	0.10	453,794,963	24.90
Director	5	0.08	17,436,905	0.96
Strategic holder (more than 10%)	1	0.02	436,358,058	23.94
Public shareholders	6,220	99.90	1,369,039,300	75.10
Total	6,226	100.00	1,822,834,263	100.00
Beneficial shareholders holding of 3% or more				
Shanduka Gold (Pty) Ltd			436,358,058	23.94
Allan Gray			176,733,778	9.70
Coronation Holdings			170,747,784	9.37
Afena Capital			132,827,637	7.29
Investec Group			96,790,574	5.31
Prudential Group			95,564,329	5.24
Public Investment Corporation			55,255,381	3.03

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting of Pan African Resources Plc will be held at the offices of Canaccord Genuity Limited, Eighth Floor, 88 Wood Street, London EC2V 7QR on 22 November 2013 at 10:00 (all times stated are United Kingdom times unless otherwise stated) to consider and, if thought fit, transact the following business:

Ordinary Business

1 To receive and adopt the Directors' report, the Audited Statement of Accounts and Auditors' report for the year ended 30 June 2013.

2 To approve the payment of a final dividend for the year ended 30 June 2013 of ZAR0.1314 per share.

3 To re-elect Mrs HH Hickey as a member of the Audit Committee.

4 To re-elect Mr RG Still as a member of the Audit Committee.

5 To re-elect Mr KC Spencer as a member of the Audit Committee.

6 To endorse the Company's Remuneration Policy for the year ended 30 June 2013.

7 To re-elect Mr KC Spencer as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company.

8 To re-elect Ms P Mahanyele as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company.

9 To re-elect Mr RA Holding as a Director of the Company, who was appointed since the last Annual General Meeting.

10 To re-appoint Deloitte LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

Special Business

As special business, to consider and if thought fit, to pass the following resolutions of which Resolution 11 will be proposed as an Ordinary Resolution and Resolutions 12 and 13 will be proposed as Special Resolutions:

11 THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ("the Act"), in substitution for all previous powers granted to them thereunder, to exercise all the powers of the Company to allot and make offers to allot equity securities (within the meaning of Section 560 of the Act) up to an aggregate nominal amount of £6,140,181.87; such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the next Annual General Meeting of the Company or on 31 December 2014, whichever is the earlier, provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

12 THAT the Directors be and they are hereby empowered pursuant to Section 570 of the Companies Act 2006 ("the Act"), in substitution for all previous powers granted thereunder, to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority granted by resolution 7 above as if Section 561 (1) of the Act did not apply to any such allotment provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company or on 31 December 2014, whichever is the earlier, and such power is limited to the allotment of equity securities:

(a) in connection with rights issues to holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;

(b) up to a maximum aggregate nominal value of £1,827,897.26 (being 10 per cent. of the issued share capital of the Company as at the date of this notice) in connection with the granting of options by the Company granted in accordance with the Pan African Resources Plc Share Option Plan; and

(c) up to a maximum aggregate value of £913,948.63 (being approximately 5 per cent. of the issued share capital of the Company as at the date of this notice) otherwise than pursuant to paragraphs (a) and (b) above save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

The allotment of shares for cash in accordance with this resolution shall comply to the extent required with English law the AIM Rules for Companies and with the provisions of the JSE Limited ("JSE") Listings Requirements ("Listings Requirements") pertaining to general issues of shares for cash, which in summary provide as follows:

- The equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue,
- such shares may only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements, and not to related parties,
- the maximum discount (if any) at which such shares may be issued or sold, as the case may be, is 10% of the weighted average traded price of such shares on the JSE over the 30 business days preceding the date

NOTICE OF ANNUAL GENERAL MEETING

of determination or agreement of the issue or selling price, as the case may be,

- after the Company has issued shares in terms of this general authority representing, on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue, the company will publish an announcement containing full details of the issue as set out in section 11.22 of the Listings Requirements.

13 That the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 ("the Act") to make market purchases (as defined in section 693 of the Act) of ordinary shares of the Company on such terms and in such manner as the Directors shall determine provided that:

(a) the maximum aggregate number of ordinary shares which may be purchased is £913,948.63 (representing approximately 5 per cent of the issued share capital of the Company at the date of this notice);

(b) the minimum price (excluding expenses) which may be paid for each ordinary share is 1p;

(c) the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed 5 per cent. above the average closing price of such shares for the five business days on the London Stock Exchange prior to the date of purchase; and

(d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or on 31 December 2014, whichever is the earlier, unless such authority is renewed prior to that time (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry); and

(e) any market purchases by the Company of ordinary shares in the Company as contemplated in this resolution shall comply, to the extent required, with the provisions of the Listings Requirements pertaining to the general authority to repurchase securities for cash, which in summary provide as follows:

- Such repurchases are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and a counterparty, unless the JSE otherwise permits,
- the company and its subsidiaries are enabled by their Articles of Association to acquire such shares,
- such repurchases are made at a price no greater than 10% above the weighted average market price at which the Company's shares traded on the JSE over the five business days immediately preceding the date on which the transaction is effected,
- at any point in time, the Company appoints only one agent to effect any repurchase on the Company's behalf,
- the directors will ensure that a resolution by the board was taken authorising such repurchases, confirming that the company and its subsidiaries engaged in such repurchases have passed solvency and liquidity test and confirming that since such tests were performed there have been no material adverse changes to the financial position of the Group,
- such repurchases are not conducted during prohibited periods as defined by the Listings Requirements, unless the company has complied with the conditions set out in paragraph 5.72(h) of the Listings Requirements.

The other general information referred to in paragraph 11.26(b) of the Listings Requirements regarding the company is contained elsewhere in this notice of annual general meeting, as follows:

- Directors and management of the company and of its material subsidiary, on pages 14 to 33,
- major shareholders on page 30,
- directors' interests in the Company's shares, on pages 152 to 153,
- Company's share capital, on page 139.

Material change

Furthermore, neither the Company nor its subsidiaries is involved in any legal or arbitration proceedings, nor are any such proceedings pending or threatened, that may have or have had any material effect on the Group's financial position.

Directors' responsibility statement

The directors of the Company, whose names are given on page 4 of the Group's Integrated Annual Report in which this notice is incorporated, collectively and individually accept full responsibility for the accuracy of the information given in this notice, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by the Listings Requirements.

Material change

The directors of the Company confirm that there has not been any material change in the financial or trading position of the Company and its subsidiaries that has occurred since the end of the last financial period.

The intention of the directors is that the repurchase of the Company's shares will be effected within the parameters laid down by this resolution as well as by the Act, the JSE and the board, as and when the directors of the company deem such repurchases to be appropriate, having regard for prevailing market and business conditions. The directors will ensure that the requisite prior resolution of the board has been taken authorising such repurchases, confirming that the Company and its subsidiaries engaged in such repurchases have passed the solvency and liquidity test and confirming that since such tests were performed there have been no material adverse changes to the financial position of the Group.

After considering the effect of a general repurchase within the parameters set out above, the directors are of the view that for a period of at least 12 months after the date of the annual general meeting referred to in this notice:

- The Company and the Group would in the ordinary course of their business be able to pay their debts.
- The consolidated assets of the Company and the Group would exceed the consolidated liabilities of the company and the Group respectively, such assets and liabilities being fairly valued and recognised and measured in accordance with the accounting policies used in the 2013 audited Annual Financial Statements of the company and the Group.
- The issued capital and reserves of the Company and the Group would be adequate for the purposes of the company and the Group's ordinary business.
- The company and the Group's working capital would be adequate for ordinary business purposes.

Notes:

(i) The Company will publish an announcement complying with the Listings Requirements if and when an initial and successive 3% tranche(s) of its shares have been repurchased in terms of the aforementioned general authority.

(ii) The Company's sponsor will provide a letter to the JSE, regarding the directors' statement as to the adequacy of the Group's working capital, before the company commences any share repurchases in terms of the general authority being hereby sought.

By Order of the Board.

St James's Corporate
Services Limited

St James's Corporate Services Limited
Company Secretary

23 October 2013

Suite 31, Second Floor
107 Cheapside
London
England
EC2V 6DN

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY NOTES

Entitlement to attend and vote

The Company specifies that only those members registered on the Company's register of members at:

- 18:00 on 20 November 2013; or,
- if the AGM is adjourned, 48 hours prior to the adjourned meeting,

shall be entitled to attend and vote at the AGM.

Appointment of proxies

If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a proxy form with this notice of meeting.

You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

A proxy does not need to be a member of the Company but must attend the AGM to represent you. Details of how to appoint the Chairman of the AGM or another person as your proxy using the proxy form are set out in the notes to the proxy form.

If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this form.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

Appointment of proxy using hard copy proxy form

The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- Completed and signed;
- sent or delivered to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa (PO Box 61051, Marshalltown 2107, Johannesburg, South Africa); no later than 10:00 on 20 November 2013.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU or Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa (PO Box 61051, Marshalltown 2107, Johannesburg, South Africa).

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

In order to revoke a proxy instruction you will need to inform the Registrar by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Asset Services or Computershare Investor Services (Pty) Limited no later than 10:00 on 20 November 2013. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

As at 18:00 on 22 October 2013, the Company's issued share capital comprised 1,827,897,263 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 18:00 on 22 October 2013 was 1,827,897,263.

Directors' interests and documents on display

A statement or summary of transactions of directors (and their family interests) in the share capital of the Company and copies of their service contracts will be available for inspection at the Company's registered office during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM for at least 15 minutes prior to and during the meeting.

CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by 10:00 on 20 November 2013 (or 48 hours preceding the date and time for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time). In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

ACRONYMS
AND ABBREVIATIONS

Abbreviation	Definition
AGM	Annual general meeting
AIM	Alternative Investment Market
AMCU	Association of Mineworkers and Construction Union
AMG	Average mining grade
ARV	Antiretroviral
Au	Gold
Auroch	Auroch Minerals NL
Barberton Mines	Barberton Mines (Pty) Limited
BEE/BBBEE	Black economic empowerment/broad-based black economic empowerment
BEE Act	Broad-based Black Economic Empowerment Act, No 53 of 2003
BIOX®	Biological Oxidation
BTRP	Barberton Tailings Retreatment Plant
CEO	Chief executive officer
CGU	Cash-generating unit
CIL	Carbon-in-leach
CIP	Carbon-in-pulp
cmg/t	Centimetre gram per ton
CPI	Consumer price index
Cr2O3	Chromium oxide
CSI	Corporate social investment
CTRP	Chrome Tailings Retreatment Plant
DMR	Department of Mineral Resources
DPS	Dividends per share (DPS)
dti	South African Department of Trade and Industry
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EIA	Environmental impact assessment
EMP	Environmental management plan
EPS	Earnings per share
ERP	Enterprise resource planning
ETRP	Evander Tailings Retreatment Plant

Abbreviation	Definition
EU	European Union
FIFR	Fatal injury frequency rate
FTSE	Financial Times and Stock Exchange
FVTPL	Fair value through profit and loss
g/t	Grams/tonne
GAI	Governance Assessment Instrument
GBP/ £	Pound sterling
GDP	Gross domestic product
GHGs	Greenhouse gases
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HEPS	Headline earnings per share
IAS	International Accounting Standards
IDP	Integrated development plan
IFM	International Ferro Metals Limited
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IoDSA	Institute of Directors of South Africa
JIBAR	Johannesburg interbank agreed rate
JORC	Joint Ore Reserves Committee Code
JSE	Johannesburg Stock Exchange Limited
Kg	kilogram
King III	King Code of Governance for South Africa, 2009
Koz	Kilo ounces
KPA	Key performance assessment
LED	Local economic development
LOM	Life of mine
LSE	London Stock Exchange
LTIFR	Lost time injury frequency rate
M	Metres
MCF	Mine call factor
Moz	Million ounces

Abbreviation	Definition
MPRDA	The South African Mineral and Petroleum Resources Development Act 28 of 2002
MQA	Mining Qualifications Authority
MRM	Mineral Resource Management
Mt	Million tonnes
Mt	Metric tonnes
NAV	Net asset value
NOMAD	Nominated adviser
NUM	National Union of Mineworkers
OPSCO	Operations committee
Oz	Ounce
Pan African Resources or the Company	Pan African Resources PLC
PGM	Platinum Group Metals
Phoenix Platinum	Phoenix Platinum Mining (Pty) Limited
PLATO	South African Council for Professional and Technical Surveyors
PPA	Purchase price allocation
PPE	Personal protective equipment
PRF	Overall plant recovery factor
PwC	PricewaterhouseCoopers
RCF	Revolving credit facility
Remco	Remuneration Committee
RIFR	Recordable injury frequency rate
SABS	South African Bureau of Standards
SAICA	South African Institute of Chartered Accountants
SAMREC Code	South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SARB	South African Reserve Bank
SENS	Stock Exchange News Service
SHEQC	Safety, health, environment, quality and community

Abbreviation	Definition
SIFR	Serious injury frequency rate
SLP	Social and labour plan
SMD	Stirred media detritor
SMME	Small, medium and micro enterprises
T	Tonnes
UASA	United Association of South Africa
USA	United States of America
USD	United States dollar
TRIFR	Total recordable injury frequency rate
TSF	Tailings storage facility
UK	United Kingdom
VAT	Value-added tax
WACC	Weighted average cost of capital
ZAR	South African rand

GLOSSARY
OF TERMS AND ABBREVIATIONS

Term	Definition
Adit	A mining tunnel that is mined from the side of a mountain or mining pit.
AIM rules	Rules and responsibilities in relation to Alternative Investment Market companies, as set out by the London Stock Exchange.
All-in cash costs	All-in cash costs include direct operating costs for all mining and processing sites, royalty costs, rehabilitation costs, corporate administration, sustainable capital costs and major capital projects. The all-in cash costs would exclude income taxes.
All-in sustaining cash costs	All-in sustainable costs include direct operating costs for all mining and processing sites, royalty costs, rehabilitation, corporate administration, sustainable capital costs. The all-in sustaining cash costs would exclude income taxes.
Autogenous mills	Self-grinding mills, where a rotating drum throws larger rocks of ore in a cascading motion, which causes impact breakage of these larger rocks and compressive grinding of finer particles.
Biological Oxidation (BIOX®)	An environmentally friendly process of releasing gold from the sulphide that surrounds it, using bacteria that perform this process naturally.
Black economic empowerment	A South African government programme to redress the inequalities of apartheid by giving previously disadvantaged groups who are South African citizens economic opportunities previously not available to them. These opportunities may include skills development, ownership, employment equity, socio-economic development and preferential procurement.
Brownfield project	Expansion, upgrading of a greenfield project, where limited information is available on the mineral deposit
Cash cost	Cash costs include direct operating costs for all mining and processing sites, but are exclusive of royalty costs, income taxes, depreciation and rehabilitation costs, as well as corporate administration and capital costs.
Chrome tailings	Discards from a chrome washing plant, either historical (tailings dams) or new (current arisings).
Chrome tailings retreatment programme	A flotation plant constructed to recover PGMs from chrome tailings.

Term	Definition
Contained gold	The total gold content (tons multiplied by grade) of the material being described.
Current arisings	The live tailings discarded by the chrome operators' washing plant and fed directly to a CTRP.
Decline	Underground evacuation at an inclined angle – normally a shaft.
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	An approximate measure of a company's operating cash flow, based on data from the company's statement of comprehensive income, which is calculated by adding back interest expense, taxes, depreciation and amortisation to profit after taxation. . Non-recurring items such as bargain purchase gain, loss on sale of asset held for sale and loss on associate are also added back.
Earnings per share	Attributable profit to the parent company divided by the weighted average number of shares.
Effective tax rate	Current and deferred taxation as a percentage of net profit before taxation.
Fatal injury frequency rate	Number of fatalities per one million man hours worked.
Global Reporting Initiative's Sustainability Reporting Guidelines	An international standard that enables organisations to assess their sustainability performance and disclose the results in a similar way to financial reporting
Grade	The metal content of ore.
Greenfield project	Projects started from scratch, generally on unused land with no information on the mineral deposit.
Greenstone Belt	Geological zone of variably metamorphosed matic to ultramatic volcanic sequences with associated sedimentary rocks that occur within Archaen and Proterozoic cratons between granite and gneiss.
Headline earnings per share	Headline earnings attributable to the parent company divided by the weighted average number of shares.
Hydro-mining	A form of mining that uses high-pressure jets of water to wash down and dislodge rock or move sediment.

Term	Definition
Indicated Resource	Part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.
Inferred Resource	Part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with only a low level of confidence.
Integrated annual report	A holistic and integrated representation of the company's performance in terms of both its finance and its sustainability.
King Report on Governance for South Africa, 2009	South Africa's third ground-breaking report on corporate governance, issued by the King Committee on Corporate Governance in 2009; King report compliance is a requirement for companies listed on the JSE.
Life of mine	Number of years that the operation is planning to mine and treat ore, and is taken from the current mine plan.
Local economic development	A process where local government, public, business and non-governmental partners work together with local communities to create better conditions for economic growth and employment generation.
Lost time injury frequency rate	The number of lost time injuries per one million man hours worked.
Metallurgical plant	A processing plant that treats ore and extracts gold.
Mineral Reserve	The economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined.
Mineral Resource	A concentration or occurrence of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction.
Mining Charter	The broad-based social-economic empowerment charter for the South African mining industry.
Open-cast mining	A surface mining technique of extracting rock or minerals from the earth by their removal from an open pit or borrow.
Payshoot	A linear to sub-linear zone within a reef for which gold grades or accumulations are predominantly above the cut-off grade.

Term	Definition
Plant recovery factor	Ratio, expressed as a percentage, of the mass of the specific mineral product actually recovered from ore treated at the plant to its total specific mineral content before treatment.
Proved Reserve	The economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence.
Reportable injury frequency rate	The number of reportable injuries per one million man hours worked.
Reserve Base	A mineral reserve reported as a mineable production estimate – the probable and proved reserve.
Revolving credit facility	Credit repeatedly available up to a specified amount as periodic repayments are made.
SAMREC	South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves.
Social and labour plan	A complex, strategic intervention, planning and implementation document consisting of a variety of targets and strategies to promote socio-economic growth and development, promote employment and the advancement of the social and economic welfare and promote the use of skills and empower historically disadvantaged South Africans, in the community and area in which industrial activity (mining and production) takes place.
Stoping	The process of excavating ore underground.
Tailings	The materials left over after the process of separating the valuable fraction from the uneconomic fraction (gangue) of an ore.
Tailings (slimes) dam	Dam facilities designed to store discarded tailings.
Total recordable injury frequency rate	The number of total recordable injuries per one million man hours worked.
Underground mining	Mining activities occurring below the earth's surface.

FORM OF PROXY
UNITED KINGDOM

PAN AFRICAN RESOURCES PLC

(Incorporated and registered in England and Wales under Companies Act 1985 with registration number 3937466 on 25 February 2000)
Share code on AIM: PAF ISIN: GB0004300496 Share code JSE: PAN

This Form of Proxy is for use by all non-South African shareholders and for South African certificated shareholders and South African own name dematerialised shareholders only.

I/We, the undersigned, being a member of the above-named company, hereby appoint the Chairman of the Meeting or (see notes 1 and 3)

Name of proxy Number of shares proxies appointed over

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of Pan African Resources Plc to be held at the office of Canaccord Genuity Limited, Eighth Floor, 88 Wood Street, London EC2V 7QR at 10:00 on 22 November 2013 and at any adjournment thereof.

If you wish to appoint multiple proxies please see note 1 below. ❑ Please also tick here if you are appointing more than one proxy.

The proxy will vote on the undermentioned resolutions, as indicated.

	ORDINARY BUSINESS:	For	Against	Voting Withheld*	Discretionary**
1.	To receive the accounts and the reports of the directors and auditor thereon				
2.	To approve the payment of a final dividend for the year ended 30 June 2013				
3.	To re-elect Mrs HH Hickey as a member of the Audit Committee.				
4.	To re-elect Mr RG Still as a member of the Audit Comittee.				
5.	To re-elect Mr KC Spencer as a member of the Audit Committee.				
6.	To endorse the Company's Remuneration Policy.				
7.	To re-elect Mr KC Spencer as a Director of the Company				
8.	To re-elect Ms P Mahanyele as a Director of the Company				
9.	To re-elect Mr RA Holding as a Director of the Company				
10.	To re-appoint Deloitte LLP as auditor of the Company and to authorise the Directors to determine their remuneration				
	SPECIAL BUSINESS:	For	Against	Voting Withheld*	Discretionary**
11.	To authorise the Directors to allot equity securities				
12.	To disapply the statutory pre-emption rights				
13.	To approve market purchases of Ordinary Shares				

If this form is signed and returned without any indication as to how the proxy shall vote, he or she will exercise his or her discretion both as to how he or she votes (and whether or not he or she abstains from voting).

* *The 'Vote Withheld' option is to enable you to abstain on the specified resolution. Please note a 'Vote Withheld' has no legal effect and will not be counted in the votes 'For' and 'Against'.*

** *If you select 'Discretionary' or fail to select any of the given options, the proxy is authorised to vote (or abstain from voting) at his or her discretion on the specified resolution. The proxy is also authorised to vote (or abstain from voting) on any other business, which may properly come before the meeting.*

Print Name:

(BLOCK CAPITALS)

Signature:

Address:

Dated this day of 2013

Notes

1. To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A proxy need not be a member of the Company.
2. This form is for use of shareholders only and will be used only in the event of a poll being directed or demanded.
3. You may, if you wish, delete the words "the Chairman of the Meeting" and substitute the names(s) of your choice. Please initial such alteration.
4. To be effective, this form of proxy must be lodged at the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU or Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa not later than 48 hours before the start of the meeting.
5. In the case of a corporation, the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. In the case of joint holders, the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
7. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who wish to attend the AGM should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting in person, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
8. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

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Business Reply
Licence Number
RSBH-UXKS-LRBC

PXS
34 Beckenham Road
BECKENHAM
BR3 4TU

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FORM OF PROXY
SOUTH AFRICA

(Incorporated and registered in England and Wales under Companies Act 1985 with registration number 3937466 on 25 February 2000)
Share code on AIM: PAF   ISIN: GB0004300496   Share code JSE: PAN

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I/We, the undersigned, being a member of the above-named company, hereby appoint the Chairman of the Meeting or (see notes 1 and 3)

Name of proxy   Number of shares proxies appointed over

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of Pan African Resources Plc to be held at the office of Canaccord Genuity Limited, Eighth Floor, 88 Wood Street, London EC2V 7QR at 10:00 on 22 November 2013 and at any adjournment thereof.

If you wish to appoint multiple proxies please see note 1 below. ❑ Please also tick here if you are appointing more than one proxy.

The proxy will vote on the undermentioned resolutions, as indicated.

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1.	To receive the Accounts and the reports of the directors and auditor thereon				
2.	To approve the payment of a final dividend for the year ended 30 June 2013				
3.	To re-elect Mrs HH Hickey as a member of the Audit Committee.				
4.	To re-elect Mr RG Still as a member of the Audit Committee.				
5.	To re-elect Mr KC Spencer as a member of the Audit Committee.				
6.	To endorse the Company's Remuneration Policy.				
7.	To re-elect Mr KC Spencer as a Director of the Company				
8.	To re-elect Ms P Mahanyele as a Director of the Company				
9.	To re-elect Mr RA Holding as a Director of the Company				
10.	To re-appoint Deloitte LLP as auditor of the Company and to authorise the Directors to determine their remuneration				
SPECIAL BUSINESS:		**For**	**Against**	**Voting Withheld***	**Discretionary****
11.	To authorise the Directors to allot equity securities				
12.	To disapply the statutory pre-emption rights				
13.	To approve market purchases of Ordinary Shares				

If this form is signed and returned without any indication as to how the proxy shall vote, he or she will exercise his or her discretion both as to how he or she votes (and whether or not he or she abstains from voting).

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** *If you select 'Discretionary' or fail to select any of the given options, the proxy is authorised to vote (or abstain from voting) at his or her discretion on the specified resolution. The proxy is also authorised to vote (or abstain from voting) on any other business, which may properly come before the meeting.*

Print Name:

(BLOCK CAPITALS)

Signature:

Address:

Dated this   day of   2013

Notes

1. To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A proxy need not be a member of the Company.
2. This form is for use of shareholders only and will be used only in the event of a poll being directed or demanded.
3. You may, if you wish, delete the words "the Chairman of the Meeting" and substitute the names(s) of your choice. Please initial such alteration.
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BUSINESS REPLY SERVICE

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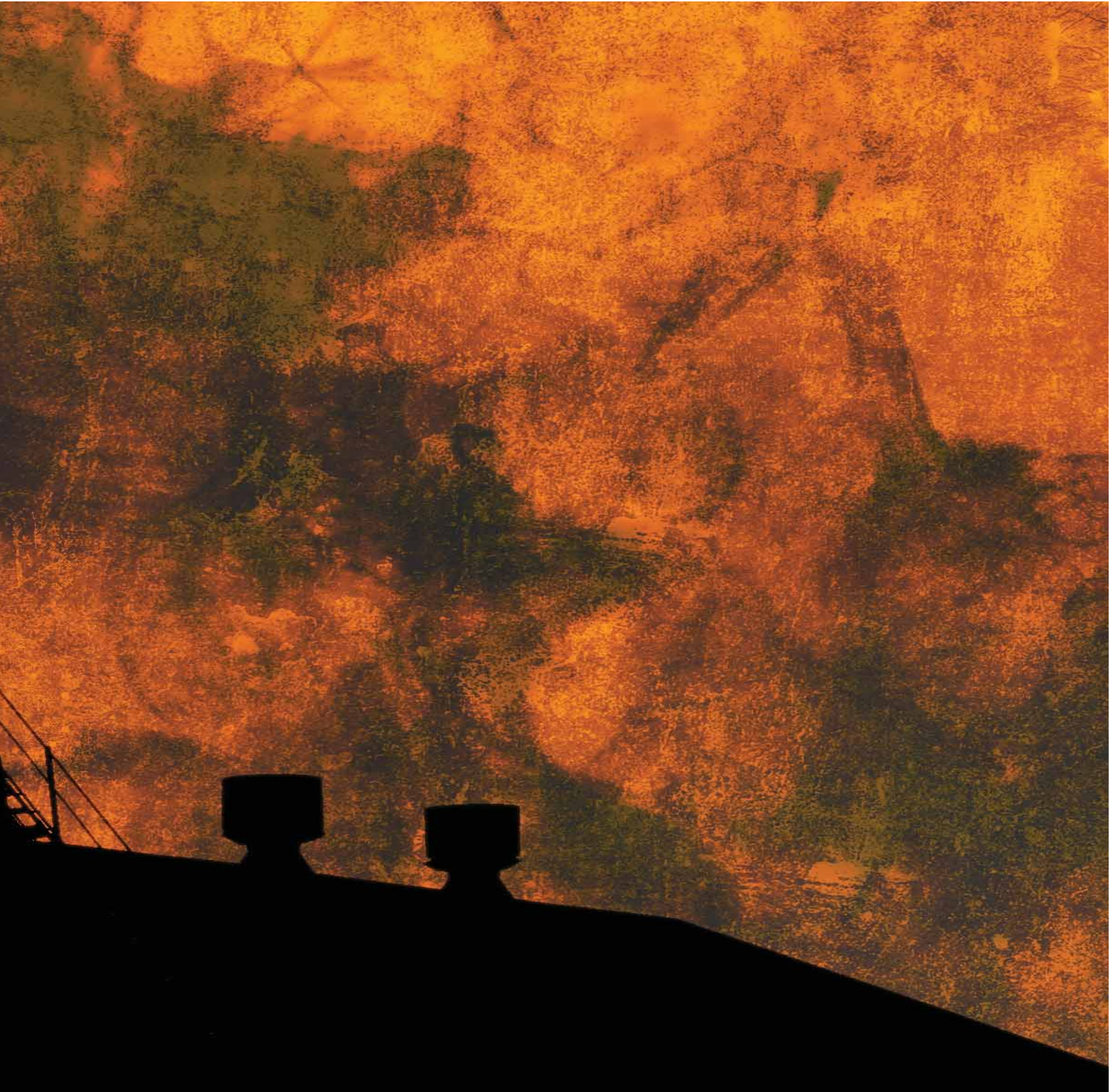
www.panafricanresources.com



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